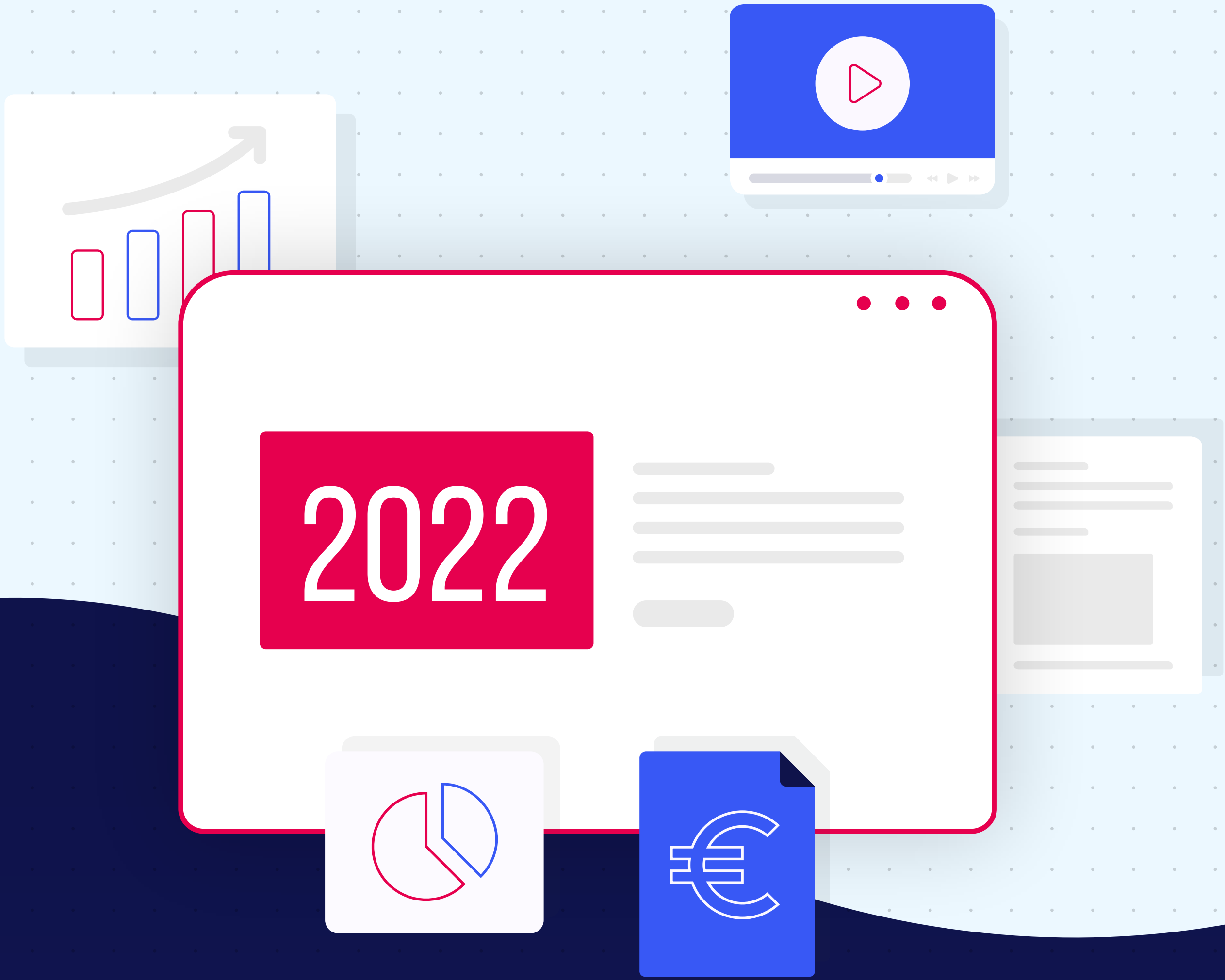
EKSPRESS GRUPP | Annual report

2022



Interactive Online Report

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

http://2022-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 2022
End of reporting period	31 December 2022
Company name	AS Ekspress Grupp
Registration number	10004677
Address	Narva mnt 13, Tallinn 10151
Country of incorporation	Republic of Estonia
Phone	+372 669 8381
E-mail	egrupp@egrupp.ee
Homepage	www.egrupp.ee
Main field of activity	Publishing and related services (5814)
Management Board	Mari-Liis Rüütsalu
	Signe Kukin
	Kaspar Hanni (until 2 February 2023)
Supervisory Board	Priit Rohumaa
	Hans H. Luik
	Sami Jussi Petteri Seppänen
	Triin Hertmann
Auditor	KPMG Baltics OÜ

The Annual Report consists of management report, sustainability 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 150 pages.

MANAGEMENT REPORT

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:** At the end of 2022, digital products/services contributed 78% to the Group's total revenue (2021: 76%).
- 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.

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

STATEMENT OF THE CHAIRMAN OF THE MANAGEMENT BOARD

Mari-Liis Rüütsalu, Chairman of the Management Board

The year 2022 challenged Ekspress Grupp in many ways, which is also being reflected in our annual report.

On February 24th, 2022, the world changed completely for many people across Europe. Russia's military aggression against Ukraine came as a shock to the entire developed world. For media companies, in many ways, it marked the beginning of a whole new era.

Our publications had to learn a lot of things that had previously seemed remote and even impossible: how to cover the war in a country close to us, whether and where to draw the line in reporting the details of what is happening, how to protect journalists and which tools to give them in the new situation. Additionally, in all our media outlets, we learnt how to counteract the large-scale Russian propaganda, how to combat constant cyber-attacks and how to ensure the operational continuity of media outlets in times of a crisis, such as possible power cuts.

I am proud to say that despite these challenges, we still remained committed to our mission to serve democracy. Even during the crisis, we remained focused on providing reliable and objective news, and remained devoted to reporting the conflict accurately and neutrally, reflecting our belief in the importance of free press. Thanks to our journalists devotion, we were able to provide our audiences with quality content that is highly appreciated by our readers and media experts alike. In addition to digital media, we continued publishing high quality media editions on paper for readers who value this format.

In 2022, to improve customer satisfaction, we made strategic investments to new media companies such as news agency ELTA and portal Lrytas in Lithuania. With these steps, we increased our capacity to reach out to and engage directly with readers in the Baltic countries.

Last year, we again significantly increased the number of digital subscribers in all Baltic countries. This shows that our readers highly value the content we provide and trust us as their main source of information.

The Group's performance was impacted by the inflation rates and rising input costs, but the board has taken steps to relieve this impact. We have managed costs and, where necessary, implemented cost-cutting measures, without compromising on the delivery of quality content. These efforts have proved themselves to be successful: compared to last year, we achieved a

20% increase in revenues and an 8% increase in EBITDA. Digital revenues grew by 23% and already made up for 78% of the Group's total revenues by the end of last year.

Looking to the future, I am confident that Ekspress Grupp will continue to develop strongly and continue to play an even more increasingly important role in promoting democracy pin the Baltic countries. We will continue to focus on providing accurate and objective news.

I would like to thank our employees for their commitment and our shareholders for their continuous support!

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.

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. The Group's long-term financial targets have been confirmed on 1 April 2022.

Ekspress Grupp long-term strategic financial targets

Target by end of 2026	2026 target	2022 actual	2021 actual
Digital subscriptions in Baltics	>340 000	146 608	130 731
Share of digital revenues	>85%	78%	76%
EBITDA margin	>15%	14%	15%
Dividend pay-out rate	≥30%	n/a	59%

GROUP'S KEY BUSINESSES

AS Delfi Meedia / Estonia

Delfi Meedia produces the fastest and most versatile journalistic content in Estonia. The main channel for its distribution is the internet portal Delfi, which is visited by more than 600,000 weekly user. Delfi 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 UAB / Lithuania

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

A/S Delfi / Latvia

Delfi Latvia has been recognised as the most trustworthy and most beloved news media brand in Latvia, with more than 870,000 monthly users DELFI is a leading news media channel in Latvia, in both languages - Latvian and Russian.

Geenius Meedia OÜ / Estonia

Geenius Meedia 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.

Lrytas UAB / Lithuania

Lrytas.lt is one of the largest news portals in Lithuania, launched in 2006. The portal's mission is to collect and submit objective, reliable and operational information, prepare it and present it to various groups of society about current events in Lithuania and the world. Our vision is to be an advanced and leading online portal in Lithuania. The portal lrytas.lt is visited by an average of 420 thousand readers per day, and the monthly audience reaches 1.2 million real users.

News agency ELTA UAB / Lithuania

News agency ELTA provides news from the Lithuanian and global press, informs about the upcoming events in Lithuania and is a reliable source of the content for national and regional press, radio stations, TV channels.

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.

AS Õhtuleht Kirjastus / Estonia

Õhtuleht Kirjastus publishes Estonia's largest daily newspaper Õhtuleht and news and entertainment portals with over 540,000 monthly users (Gemius, real users). In addition to the newspaper Õhtuleht and web portals, Õhtuleht Kirjastus's portfolio includes a selection of weekly and monthly magazines beloved by readers, as well as a crossword portfolio consisting of almost ten publications. Õhtuleht Kirjastus has a total of over 100,000 subscriptions. In 2020, Õhtuleht won the Bonnier, the highest award for investigative journalism, and Õhtuleht has also been among the nominees for the Bonnier award in 2021 and 2022.

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.

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.

Kinnisvarakeskkond OÜ / Estonia

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

Linna Ekraanid OÜ / Estonia

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

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.

OÜ Hea Lugu / Estonia

Hea Lugu is a book publishing company. Hea Lugu publishes both original and translated fiction, history books, autobiographies and memoires, 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.

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

DIGITAL MEDIA COMPANY

For digital media, 2022 was another year of strong growth. Digitalisation that had started with the outbreak of the pandemic continued, although at a slower pace than in previous years.

The year can be summed up with three main trends:

- paid content continued to grow in all of our key markets in Estonia, Latvia and Lithuania;
- different content products were bundled into subscription packages and average prices of digital subscriptions increased;
- regulators continued to scrutinise the activities of global platforms in Europe and the competitive pressure exerted by them on local media stabilised.

A year ago we expected strong growth in demand and supply of paid digital content, better choices for readers, increased consumer spending on digital content, lower turnover and higher effective prices. In addition, we expected stronger regulation of global platforms in the world, and an increase in the share of local media companies in terms of consumers' attention.

The Estonian, Latvian and Lithuanian markets developed as expected in terms of digital subscriptions during the year. Ekspress Grupp as the largest provider of digital subscriptions in the news media segment in our key markets, saw the total number of digital subscriptions in the Baltic states grow by 12% during the year, amounting to nearly 146.6 thousand subscriptions at the end of the year. In Estonia, the number of digital subscriptions of Delfi Meedia grew the most, which increased by 14% over the year. The fastest growth was recorded by Geenius Meedia, whose digital subscriptions increased by 37%. Õhtuleht Kirjastus, Delfi Latvia and Delfi Lithuania saw continued growth of digital subscriptions that increased by 7%, 5% and 8%, respectively, as compared to the previous year. However, the total number of consumers of digital content is still modest as compared to the size of the potential market, and we continue to believe that the digital subscription business model will continue to thrive in our markets for many years to come. In news media, digital subscriptions are an increasingly accepted product among our readers, as shown by the increasing number of subscriptions and the decreasing subscriber turnover. We are witnessing that more and more readers are subscribing to digital news media in order to stay up to date with important topics in society. In addition, developments in the paper media market in Estonia over the last days of 2022, where major daily newspapers announced that they will terminate publishing papers on Mondays due to the increase in delivery costs, are likely to cause an additional long-term increase in demand of digital subscriptions.

Global Internet platforms continue to be the most financially important competitors for Baltic media houses in the digital advertising market. In 2022, the activities of multinational technology companies continued to be scrutinised by regulators internationally. For example, in December, the European Commission warned Facebook's owner Meta that it believes that Facebook is, among others, in a dominant position in the national markets of the European countries for online advertising in social media and may have abused its market power by linking online advertising to some other services[1]. As a notable example, the UK's media regulator announced in November that it was studying the impact of social media on young people, including the polarization of the society, and that the obligation for social media companies to publish the algorithms of newsfeeds would be considered in the coming years as one of the solutions to contain the problems.

In the long-term, the scrutiny of regulators is likely to force platforms to change their services in accordance with the regulations. This may raise the prices of platform services and reduce efficiency for customers, and thereby limit growth and the competitive pressure of platforms on local media. At the same time, as a media organisation, we also see the value in platforms establishing contact with the reader and the possibility of mutually beneficial cooperation on paid content in the future.

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, state intervention and expansion of tasks of public broadcasting in these markets is by no means justified. European Commission continues to handle complaints submitted by the Estonian and Lithuanian media companies.

In the new year, we expect the demand for and supply of digital content to continue to grow and the business model of digital subscriptions to expand in our key markets. Expenditure on digital content by consumers is likely to increase both through an increase in the number of subscriptions per consumer and an increase in the average prices of subscriptions. With regard to

[1]https://ec.europa.eu/commission/presscorner/detail/en/ip_22_7728

the tasks of publicly funded broadcasting bodies, we expect a wider discussion and greater clarity. The price levels of online advertising depend on the economy, but we generally expect price levels to remain stable.

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 of its readers, customers and cooperation partners and creates trends in their media consumption habits. The development of new digital products and services and creation of relevant and interesting content is a significant part of the Group's everyday work. Equally important is to ensure service reliability that would provide access to all digital services of the Group at any given time and in the device suitable to the media consumer.

In 2022, the number of digital subscriptions of all periodicals of Ekspress Grupp continued to grow which is a proof that the attitude and habits of media consumers regarding paid digital products have changed. Digital subscriptions were clearly affected by the Russian aggression against Ukraine that started in February 2022 and that further increased people's need for fact-based, balanced and relevant information.

"The growth in digital subscriptions in 2022 proves that the paid content model is sustainable and plays an increasingly more important role in the revenue side of our media companies. Although issues such as rising inflation and living costs have become increasingly important for the residents of Baltic countries, the disturbing events unfolding in 2022 kept the interest in independent journalism high. Wider adoption of digital subscriptions can be seen in Latvia and Lithuania. While Delfi used to be alone in those markets, the Latvian and Lithuanian media sector now accept packaged digital subscriptions on a wider scale and the consumers are increasingly interested in and ready to consume digital products."

Mari-Liis Rüütsalu, CEO of Ekspress Grupp

Digital subscriptions are in a leadership position in all home markets

Ongoing growth of digital business is influencing all media organisations in the world. Whereas new digital products offer new possibilities, an even bigger challenge is the retention of existing customers and attracting new customers.

All media products of Ekspress Grupp are available in the digital format. While in Estonia the most important periodicals are traditionally available also on paper, in Latvia and Lithuania the Group's media business has been digital from its start. In order to offer the best digital services and products in smart devices, the development of media portals has always been a top priority.

Digital services and products are also offered by other companies of Ekspress Grupp – Hea Lugu sells audiobooks and e-books and manages online stores Raamat24 and Digiread. Digital Matter specialises in offering automatic advertising solutions, Kinnisvara24, Biļešu Paradīze and Piletitasku are digital service platforms, i.e. marketplaces. Digital outdoor advertising solutions are offered by our outdoor media companies D Screens in Latvia and Linna Ekraanid in Estonia.

Number of digital subscriptions keeps growing:

- In the Baltic countries, the number of digital subscriptions of Ekspress Grupp increased by 12% in 2022 and totalled 146,608 subscriptions.
- In Latvia, the number of digital subscriptions increased by 5% in a year and totalled 14,131 by the end of 2022.
- In Lithuania, the number of digital subscriptions totalled 18,780 at the end of 2022, growing by 8% in a year.
- The number of paid digital subscriptions of AS Delfi Meedia increased by 14% in a year and totalled 85,551 by the end of December. At Õhtuleht Kirjastus, the number of digital subscriptions increased by 7% in a year and totalled 18,780 at the end of the year.
- The fastest growth in digital subscriptions was posted by Geenius Meedia OÜ that became part of Ekspress Grupp at the end of 2021, increasing by 37% in a year and totalling 5,616 subscriptions at the end of 2022.
- The share of Group's digital revenues was 78% of total revenue.

One of the long-term goals of Ekspress Grupp is to increase the volume of digital subscriptions in the Baltic countries to 340,000 subscribers by the end of 2026.

"The latest results prove that we are moving in the right direction and the growth of digital subscriptions remains high. The number of people willing to pay for a digital product keeps growing, but there will be a point of saturation. We believe that we are not even close to that and there is plenty of room for growth. If a reader is not yet used to paying for a digital product, discount campaigns are an excellent opportunity to test it at a very good price, and helps us to attract more readers."

Mari-Liis Rüütsalu, CEO of Ekspress Grupp

Availability of services requires more attention

Digital development has been a constant and natural development for the entire Group, presenting challenges for technological innovations, internal processes, and employee skills and competence. The events that unfolded at the start of 2022 and the related continuous cyberattacks showed how important it is to ensure availability of all Group's services and the efforts it requires from the media house.

Ensuring availability of services and everything else affected by an increase in cyberattacks became much more important than before. In the days following Russia's invasion of Ukraine, media companies were among the key targets of an increasing number of cyber operations launched against the Baltic States, where our goal was to ensure availability of services while being under various service disruption attacks.

Higher interest in online news

Stressful times tend to change the behaviour of media consumers. In 2022, media consumers were increasingly interested in getting as up-to-date and relevant information as possible and quickly which notably increased the popularity of live news blogs. The importance of live blogs grew exponentially and necessitated the redesign of its technical solution to make online news more accessible for the readers.

Podcasts and videocasts on the rise

The interest of media consumers in podcasts and videocasts continues to grow. Delfi is the leader in Estonia in the field of podcasting and its different program formats.

Delfi Tasku is Estonia's most modern portal for all different Delfi podcasts. Delfi Tasku features hundreds of programs on sports, business, life, delicious tastes, relations, travelling, hobbies and much more. In addition, Delfi Tasku allows everyone to create one's own unique podcasts – all you need is a novel idea and initiative.

Many probably are still not aware that podcasts can also include videos. Videocast is a new format in Delfi Tasku whose popularity is rapidly growing. In addition to listening fascinating stories it is now possible to also watch the speakers.

The programs of Delfi Tasku are available in all larger applications such as Spotify, iTunes, Soundcloud, Google podcasts, Castbox, etc.

In 2022, Delfi launched four new weekly TV programs ranging from culture to daily news in Latvia.

The use of audio and video formats is growing and will definitely remain in focus for the next few years.

New possibilities in Latvia and Lithuania

In 2022, we launched Delfi platform change in Latvia and Lithuania. The central IT development of the Group is located in Estonia, but it covers all three countries. The platform change in Latvia and Lithuania will create better possibilities and flexibility for the readers of these countries. The number of Delfi digital subscriptions in Latvia and Lithuania was impacted by the change of packages similar to those used in Estonia. This adoption of a single package-based logic will provide digital subscribers more extensive access to the entire content of Delfi. The bundling of packaged affected the number of digital subscriptions in Latvia and Lithuania, which fell but the average price of digital subscription increased.

Newsletters simplify the consumption of information

According to their format, newsletters targeted at digital subscribers are either:

- overviews created by artificial intelligence of the most-read news of the day/week or
- overviews and summaries prepared by the editorial office of the most important stories.

For media houses, newsletters provide a good opportunity to give the readers rapid and relevant overviews of the most relevant stories.

KEY EVENTS AND DEVELOPMENTS IN 2022

JANUARY

In the fourth quarter of 2021, digital subscriptions in the Baltic countries were 62 percent higher than a year earlier and totalled 130,731 at the end of December 2021.

- According to the results of the first quarter of 2022, digital subscriptions increased by 50% from the year before and totalled 145,805 at the end of March.

FEBRUARY

- Consolidated unaudited interim report of the fourth quarter and 12 months of 2021.
- Shareholders of AS Ekspress Grupp approved a share option program, according to which the underlying assets of the options issued by Geenius Meedia in 2020 will be replaced and holders of options will become entitled to acquire up to 371,000 shares of Ekspress Grupp.

MARCH

- AS Ekspress Grupp entered into an agreement for the sale of the of shares of AS Express Post to AS Eesti Post that operates under the Omniva brand. The objective of the transaction is to find a more cost-efficient business model for the home delivery of newspapers and magazines. The transaction was subject to an approval of the Competition Authority.

APRIL

- The Supervisory Board of AS Ekspress Grupp approved the annual report 2021 and group's long-term strategic financial targets.
- Consolidated unaudited interim report of the first quarter of 2022.

MAY

- Ekspress Grupp acquired Lithuanian news agency ELTA. The main goal of this deal is to strengthen and modernize a news agency with a hundred-year experience so that it becomes a modern, competitive, and objective source of journalism for the Lithuanian media and foreign channels.

- At the Ordinary General Meeting of Shareholders, Triin Hertmann was elected as the member of the Supervisory Board with a term of five years. The Supervisory Board of Ekspress Grupp has four members: Priit Rohumaa (Chairman), Hans H. Luik, Indrek Kasela and Triin Hertmann. In addition, the general meeting approved the terms of the share buyback programme according to which AS Ekspress Grupp has the right to buy back a maximum of 2,500,000 own shares whereas the minimum amount per share is EUR 0.60 and the maximum amount per share shall be the closing price on the Nasdaq Tallinn Stock Exchange plus 20% but not more than EUR 1.90 per share at the trading day preceding the announcement of each respective buyback. In addition, it was decided to pay dividends of 8 (eight) euro cents per share in the total amount of EUR 2.24 million.

JUNE

- MM Grupp OÜ claimed EUR 2.0 million from Ekspress Meedia for compensation of non-patrimonial or alternatively future patrimonial damages caused by the publication of allegedly false factual allegations. In February, the Tallinn Circuit Court ruled in favour of AS Ekspress Meedia, member of AS Ekspress Grupp, in the action brought by MM Grupp OÜ. The latter appealed the ruling and in June the Supreme Court dismissed the appeal in cassation of MM Grupp OÜ.

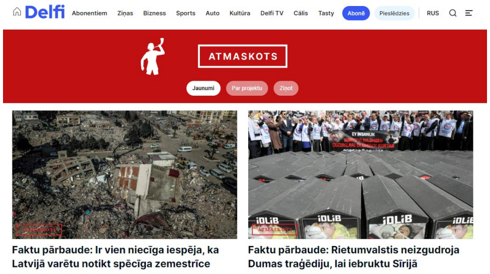
JULY

- According to the results of the second quarter of 2022, digital subscriptions increased by 34% in a year and totalled 151,322 at the end of June.
- Consolidated unaudited interim report for the second quarter and the first half of 2022.

AUGUST

- On August 1, the law amending the Value Added Tax Act entered into force in Estonia that reduced the value-added tax rate applicable on periodicals from the earlier nine percent to five percent with the purpose of supporting access to independent, professional and quality journalism in Estonia.
- The Competition Authority granted Geenius Meedia OÜ the permission to acquire the business of OÜ RMP Eesti that manages a portal on bookkeeping and taxation. The RMP.ee portal that has operated for 18 years has more than 50,000 registered users and more than 25,000 subscribers of its newsletter. The portal has an average of 80,000 unique users a month.

- Shareholders of AS Ekspress Grupp adopted the following resolutions without calling an Extraordinary General Meeting of Shareholders: to recall Indrek Kasela from the Supervisory Board and to elect Sami Jussi Petteri Seppänen as a member of the Supervisory Board until 31 August 2027.
- In August, Delfi Latvia launched a new subsite that exposes fake news and publishes impact analyses of propaganda articles distributed in Russia and Belarus and is produced in cooperation with the experts of Eastern Europe Center of Political Studies (APPC).



SEPTEMBER

- AS Ekspress Meedia, subsidiary of AS Ekspress Grupp, started operating under the business name of Delfi Meedia AS. Delfi has become the most recognised media brand in the Baltic states and since the recognition of Delfi is very high among media consumers, it was decided to adapt the name of the strongest digital brand.

OCTOBER

- According to the results of the third quarter of 2022, digital subscriptions were up 21% from a year earlier and totalled 151,430 at the end of September.
- Consolidated unaudited interim report for the third quarter and nine months of 2022.
- The Supervisory Board of Delfi decided not to extend the mandates of Ingus Bērziņš and Anatolijs Golubovs and elected Filips Lastovskis and Maira Meija as the new members of the

Management Board, joining Konstantins Kuzikovs, the Chairman of the Board, from 20 October 2022.

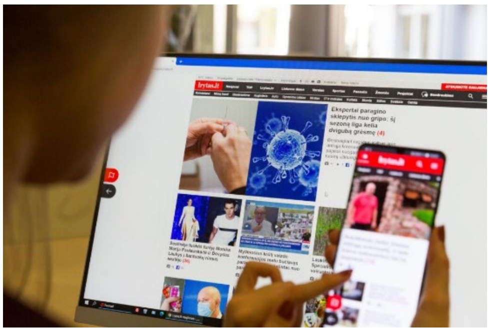
- The Competition Authority did not grant AS Eesti Post the right to buy AS Express Post according to the purchase and sale agreement concluded in March 2022. Because of the negative resolution, the structure of shareholders of AS Express Post will not change. Ekspress Grupp still owns 50% of the company.

NOVEMBER

- Delfi Latvia and Delfi Lithuania introduced a unified package-based logic, similar to the one used in Delfi Estonia, giving the digital subscribers broader access to all Delfi content. The bundling of packages affected the number of digital subscriptions in Latvia and Lithuania, which decreased but the average price of digital subscription increased.

DECEMBER

- Kaspar Hanni, the Development Director and member of the Management Board of AS Ekspress Grupp, left the company at his own request on 2 February 2023. The Group's Management Board will continue with two members: Mari-Liis Rüütsalu (Chairman of the Board) and Signe Kukin.
- AS Ekspress Grupp acquires UAB Lrytas, manager of Lithuanian media portal lrytas.lt. The news portal has an average of over 420,000 readers a day and the portal's advertising revenues total approximately EUR 3 million a year. UAB Lrytas has over 50 employees.



- In connection with the price hike by Omniva, the public mail delivery service, Õhtuleht Kirjastus made a decision to reduce the number of publishing days of the paper newspaper and from January 2023, it will no longer be published on Mondays. As a result, going forward Õhtuleht will be delivered to newsstands and subscribers' mailboxes five days a week.

MEDIA DISTINCTIONS AND AWARDS IN 2022

ESTONIA

The winners of the **Estonian Journalism Awards 2021** were announced in February 2022.

- The main award - Journalist of the Year 2021 - was won by **Holger Roonemaa**, a journalist of Eesti Päevaleht and Delfi.

- **Holger Roonemaa** also won the Bonnier Prize, the investigative journalism prize handed out by Swedish media group Bonnier and business newspaper Äripäev, for the articles published in 2021 in Eesti Ekspress on **lavish dinners of prime minister Jüri Ratas and alcoholic beverages purchased to be used in the prime minister's car**.
- The award for nationwide news was won by **Marvel Riik** and **Priit Pärnapuu** for a series of articles published in Õhtuleht on **corruption in North Tallinn City District**.

- The award for nationwide feature article was won by **Eero Epner, Mari Mets, Oliver Kund, Holger Roonemaa, Martin Laine, Riin Aljas, Georgi Abolõmov** and **Janno Zõbin** for the series **"Power of religion"** that focused on the social and political impact of the church and was a joint project of Eesti Päevaleht and Levila.
- The multimedia award was won by **Holger Roonemaa, Oliver Kund, Imbi Võrel** and **Mart Nigola** for the article **"Superspreader: Varro Vooglaid adopted demagogic techniques described by his father"** published in Eesti Päevaleht on April 16.
- The award for nationwide opinion article was won by **Andrei Šumakov** with his article titled **„RUSSIAN GLANCE | What should not be discussed on the Independence Day?"** published in Eesti Päevaleht on February 26.

- The best feature photo was taken by **Andres Putting** from Delfi titled **"In blue-black-and-white, on the red carpet and in sync towards the future"**, published on October 11.

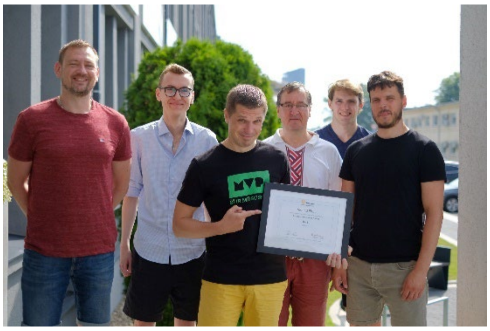
- The winner of the digital articles was the article titled **"Conquering of the South Pole: Gods demanded blood! Dogs, ponies and people had to die"** published in Eesti Päevaleht on December 31, written by **Mart Nigola, Heleri Kuris, Liisi Viskus** and **Ats Nukki**.

- The award for the best feature article in nationwide newspapers was won by **Ivi Lipp** and **LT** for a **series of articles on the murderer Ustimenko** published in Eesti Ekspress. The same article also won the grand prize for the design in the category of major newspapers.

- The award for the best sports photo was won by **Argo Ingver** from Delfi for **the photo of Sander Pritsik**.

LATVIA

- **MPV**, Delfi Latvia's paid sports news channel, won the second place in the IMNA Global Media Awards in the category of the best subscription product.



- In the Baltic Brand Awards, the contest of Baltic brands, **Delfi came second among the most popular media brands both in Latvia and Baltic countries**. In addition, Delfi also won **the second place as the most person-centred brand in the Baltic countries**.

LITHUANIA

- For his outstanding services, **Oleg Jerofejev**, editor of ru.delfi.lt, was awarded the Lithuanian state order of merit and the silver badge of honour of the Lithuanian government's department of ethnic minorities.
- **Tomas Janonis**, special correspondent of Delfi, was recognised for investigative journalism in the competition **"The Man and the Environment"**.

- **Edgaras Savickas**, business journalist of Delfi, was named journalist of the year in connection with the research that exposed the lack of effectiveness of EU investments.

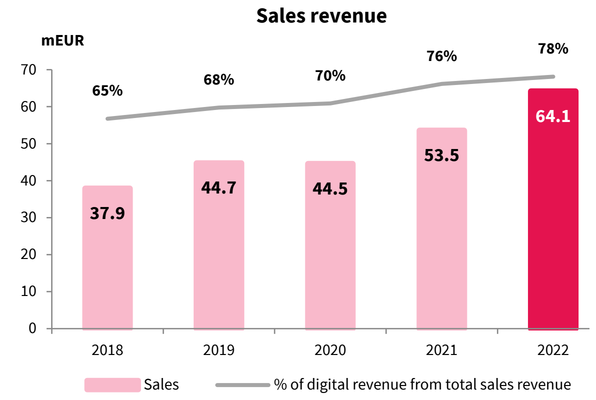
- **Kristina Pocytė**, journalist of Delfi and Delfi TV, won the press award in the "Paparazzi" award contest organised by the PR agency "Publicum".

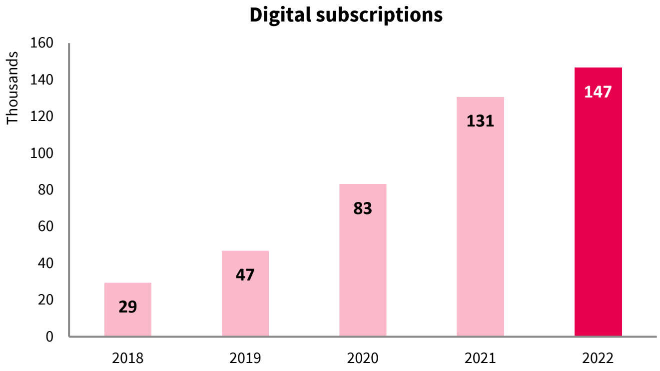
BUSINESS OPERATIONS

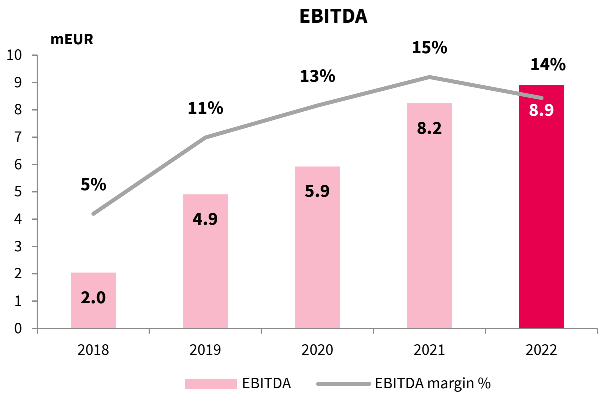
SUMMARY OF THE RESULTS

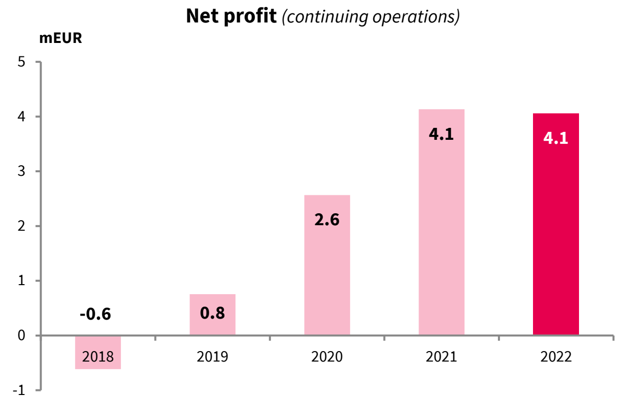
Due to the disposal of the 100% holding in the subsidiary Printall AS in September 2021, the printing services segment is recognised as a discontinued operation in the consolidated financial statements. The revenue and expenses of the discontinued operation are shown in a separated line of the consolidated statement of comprehensive income "Gain/loss from discontinued operation".

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









REVENUE

In 2022, the consolidated revenue totalled EUR 64.1 million (2021: EUR 53.5 million). The revenue increased by 20% year-over-year. This growth was attributable to both online advertising revenue as well as digital subscription revenue. The share of the Group's digital revenue in total revenue was 78% at the end of 2022 (at the end of 2021: 76% of total revenue). Digital revenue increased by 23% as compared to the same period last year.

PROFITABILITY

In 2022, the consolidated EBITDA totalled EUR 8.9 million (2021: EUR 8.2 million). EBITDA increased by 8% as compared to the previous year and EBITDA margin was 14% (2021: 15%).

In 2022, the consolidated net profit totalled EUR 4.1 million (2021: EUR 4.1 million). The Group demonstrated modest EBITDA growth of 8% while the net profit stayed at the same level as in 2021. The net profit for 2022 declined due the higher loss of the joint venture AS Express Post for the period and the Group's higher depreciation charge resulting from higher capital expenditures as compared to the same period last year. In addition, the comparable base for 2021 is higher due to recognition of one-off finance income in the amount of EUR 0.4 million for fair value adjustment of the future commitment related to the purchase price of the ticket sales platform. If to exclude the one-off effect in the net profit of 2021, the net profit of 2022 has increased by ca 11% compared to 2021.

EXPENSES

In 2022, the cost of goods sold, marketing, and general and administrative costs totalled EUR 60.0 million (2021: EUR 49.5 million). In 2022, operating expenses increased by EUR 10.5 million (+21%). Staff costs in the amount of EUR 5.4 million (+20%) increased the most. The significant growth in input expenses is linked to the outsourcing of the printing service related to print media as well as the home delivery service, total growth was EUR 1.0 million (+17%).

As of 31 December 2022, the Group employed 884 employees which is 143 more as compared to the same period last year (31.12.2021: 741 employees). This growth is attributable to 66 employees who were transferred from the companies acquired, incl. OÜ Geenius Meedia, ELTA news agency in Lithuania and the news portal lrytas.lt acquired in December 2022. 77 employees were hired in other companies in Estonia, Latvia and Lithuania. Given the high inflationary and rising interest rate environment, we have selectively adjusted the salaries of Group employees and set up one-off support measures. In addition, cost reductions and individual redundancies were carried out in Latvia already in the 3rd quarter of 2022, as its advertising sales have failed to meet the Group’s internal targets.

In 2022, the one-off expenditure includes donations to Ukraine in the total amount of EUR 0.2 million.

The war in Ukraine has had a major negative effect on the GDP growth in the Baltic States. As a result, the economy has slowed down and created a high inflationary environment (in December 2022, inflation was 17.5% in Estonia, 20.0% in Lithuania and 20.7% in Latvia as compared to the previous year) which is currently one of the highest in the Eurozone. The inflationary environment will be a challenge in 2023. However, the positive news is that inflation is in a downward trend which started in the last quarter of 2022.

On 24 February 2022, military action began between Ukraine and Russia. The Group has neither any operations nor any assets in Ukraine and Russia, and therefore, the war has only an indirect impact on the Group. The operations of these countries 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.

CASH POSITION

At the end of the reporting period, the Group had available cash in the amount of EUR 7.4 million and equity in the amount of EUR 55.4 million (56% of total assets). The comparable data as of 31 December 2021 were EUR 11.0 million and EUR 53.7 million (57% of total assets), respectively. As of 31 December 2022, the Group’s net debt was EUR 13.3 million (31 December 2021: EUR 6.1 million).

In 2022, the Group’s cash flows from operating activities totalled EUR 8.0 million (2021: EUR 8.1 million, incl. printing services segment) that were positively impacted by increased business volumes as well as the ticket sales platforms operating in Estonia and Latvia. The sales activity of the Latvian ticket sales platform has recovered and is in a better position due to higher ticket prices as compared to the pre-Covid-19 period.

In 2022, the Group’s cash flows from investing activities totalled EUR -10.6 million (2021: EUR 1.0 million, incl. the sale of a discontinued operation in the amount of EUR 6.3 million), of which EUR -3.7 million was related to development and acquisition of property, plant and equipment and intangible assets, indicating higher investments in products and technologies. In 2022, the Group invested EUR -1.9 million in new LED screens, which has been partially funded with a finance lease.

In 2022, the Group’s cash flows from financing activities totalled EUR -0.9 million (2021: EUR -4.4 million), of which EUR -2.4 was the dividend payment to the shareholders of AS Ekspress Grupp. Financing activities also include a net change in borrowings in the amount of EUR 3.3 million and lease liabilities in the amount of EUR -1.8 million. When making investments in 2022, the Group has used debt in moderate amounts in the form of bank loans.

DIVIDENDS AND DIVIDEND POLICY

At the regular General Meeting of Shareholders of AS Ekspress Grupp held on 2 May 2022, it was decided to pay a dividend of 8 euro cents per share in the total amount of EUR 2.43 million. Dividends were paid to shareholders on 20 May 2022.

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

Despite the extremely unstable economic environment, the Group's financial results for 2022 showed strong and stable growth. The revenue of AS Ekspress Grupp totalled EUR 64.1 million, increasing by 20% as compared to the previous year. EBITDA was EUR 8.9 million that is 8% more than in the previous year. The net profit totalled EUR 4.1 million which is at the same level as in 2021, but considering that the revenue for 2021 included one-off finance income in the amount of EUR 0.4 million for fair value adjustment of the future commitment related the purchase price of the ticket sales platform, the net profit increased by approximately 11% as compared to the year before.

We have raised prices due to inflation, but most importantly, we have succeeded in increasing the Group's market share in digital subscriptions, online advertising and other areas. The Group's media companies grew at the expense of their competitors in 2022 by offering advertising clients better solutions to reach consumers. The demand for the events offered through the Group's ticket business platforms also picked up. The sales volumes of outdoor screens increased as the digital outdoor screen network was expanded by 27 new screens. By the end of 2022, the network already consisted of 84 digital outdoor screens which is 50% more than in the previous year. We continue to actively expand the outdoor screen network, especially in Latvia where the number of digital outdoor screens added in 2022 remained below expectations. In 2023, we will continue to install outdoor screens in the framework of the public tender of the City of Riga.

In the last five years, the Group's compound annual growth rate (CAGR) has been approximately 14%. A significant share of this growth came from the organic increase in digital revenues, supported by the acquisition of new companies such as the acquisition of Lithuanian news agency ELTA and the portal lrytas.lt. We see good potential for further growth of digital revenue and digital subscriptions, but this requires wider adoption of new trends in the media market and reaching market participants, predominantly in Latvia and Lithuania and, in the business segment of digital outdoor screens, in Estonia and Latvia.

Both previous and current year have been challenging for the Group in terms of maintaining the cost base. This concerns the field of paper products in particular, where the impact of input prices is increasing for both the printing and home delivery service, and with decreasing print circulation volumes the cost base is not expected to decrease.

As a Group, we are seeking greater efficiency in order to maintain the EBITDA margin and achieve the minimum level of 15% laid down in our strategy. Realisation of our growth ambitions and transition to digital media requires investments in technology. At this point, we consider it important to maintain the capability of the internal development team at the maximum level. In 2022, investments in technology related to development activities amounted to approximately EUR 2.0 million (2021: EUR 1.7 million).

In 2022, we maintained a balanced liquidity position to give the Group the ability to make investments. When making major investments in 2022 (the purchase of the Lrytas portal and investments in outdoor screens), we raised debt in a prudent manner. We maintain a conservative view when raising loan capital, especially due to rising Euribor rates. The Group has an additional overdraft facility of EUR 3 million, which ensures the necessary liquidity buffer for further activities. The liquidity buffer was unused at the end of the year (2021: also unused).

We expect the economic environment to remain challenging in 2023, which is likely to lead to certain economic stagnation in the Baltic countries. At the same time, despite the economic stagnation or, in the case of a negative scenario, an economic decline, we are still rather optimistic about the growth of business volumes, both from the point of view of digital subscription revenue and the revenue of all other digital areas. In 2023, we will focus on developing the long-term strengths of our business in media, ticket sales platforms and outdoor media. We remain committed to our growth strategy and achievement of our long-term financial goals.

FINANCIAL INDICATORS AND RATIOS

Performance indicators (EUR thousand)	2022	2021	Change %	2020	2019	2018
Continuing operations						
Sales revenue	64 141	53 516	20%	44 514	44 717	37 879
Revenue from all digital channels (%)	*78%*	*76%*		*70%*	*68%*	*65%*
EBITDA	**8 891**	**8 240**	**8%**	**5 924**	**4 904**	**2 041**
EBITDA margin (%)	***13.9%***	***15.4%***		***13.3%***	***11.0%***	***5.4%***
Operating profit /(loss)	4 797	4 864	-1%	3 071	2 337	850
Operating margin (%)	*7.5%*	*9.1%*		*6.9%*	*5.1%*	*2.0%*
Interest expenses	(738)	(709)	-4%	(860)	(1 085)	(721)
Profit /(loss) of joint ventures under the equity method	(242)	(281)	14%	102	(38)	(273)
Net profit /(loss) from continuing operations	**4 055**	**4 133**	**-2%**	**2 566**	**755**	**(614)**
Net margin (%) - continuing operations	***6.3%***	***7.7%***		***5.8%***	***1.7%***	***-1.6%***
*Return on assets (ROA) (%)***	*4.3%*	*2.4%*		*2.7%*	*1.6%*	*0.0%*
*Return on equity (ROE) (%)***	*7.6%*	*4.1%*		*4.9%*	*2.8%*	*0.0%*
Return on capital employed (ROCE) (%)	*6.2%*	*6.6%*		*4.1%**	*3.7%**	*1.9%**
Earnings per share (euro) - continuing operations						
Basic earnings per share	0.1335	0.1362	-2%	0.0852	0.0249	(0.0212)
Diluted earnings per share	0.1294	0.1316	-2%	0.0820	0.0249	(0.0212)

** For years 2020-2018 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)	**31.12.2022**	**31.12.2021**	**Change %**	**31.12.2020**	**31.12.2019**	**31.12.2018**
As of the end of the period						
Current assets	19 444	20 553	-5%	18 482	19 472	13 831
Non-current assets	80 392	73 705	9%	75 695	75 935	62 907
Total assets	**99 836**	**94 258**	**6%**	**94 177**	**95 407**	**76 738**
incl. cash and cash equivalents	*7 448*	*10 962*	*-32%*	*6 269*	*3 647*	1 268
incl. goodwill	*48 779*	*45 576*	*7%*	*43 085*	*42 628*	37 969
Current liabilities	22 422	20 947	7%	18 945	21 647	12 186
Non-current liabilities	21 991	19 619	12%	20 613	22 137	14 118
Total liabilities	**44 413**	**40 566**	**9%**	**39 558**	**43 784**	**26 304**
incl. borrowings (excl rental liabilities according to IFRS 16)	*20 763*	*17 062*	*22%*	*19 181*	*21 307*	15 474
Equity	**55 423**	**53 692**	**3%**	**54 619**	**51 622**	**50 434**
Net debt	**13 315**	**6 100**	**118%**	**12 912**	**17 660**	**14 207**
Total capital	**68 738**	**59 793**	**15%**	**67 531**	**69 282**	**64 641**

Financial ratios (%)	**31.12.2022**	**31.12.2021**	**31.12.2020**	**31.12.2019**	**31.12.2018**
Equity ratio (%)	56%	57%	58%	54%	66%
Debt to equity ratio (%)	46%	41%	41%	47%	31%
Debt to capital ratio (%)	24%	17%	23%	29%	22%
Total debt/EBITDA ratio	2.34	2.07	2.74*	3.15*	3.63*
Liquidity ratio	0.87	0.98	0.98	0.90	1.13

** For years 2020-2018 total debt/EBITDA ratio is calculated on the basis of EBITDA, which also includes EBITDA from discontinued operations.*

Cyclicality

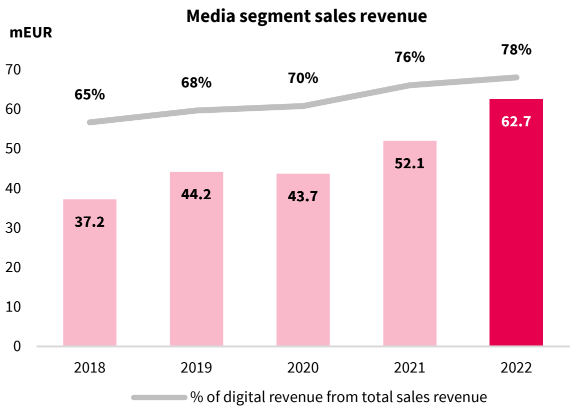
All operating areas of the Group are characterised by cyclicality and fluctuation, related to the changes in the overall economic conditions and consumer confidence. The Group's revenue can be adversely affected by an economic slowdown or recession in home and export markets. It can appear in lower advertising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

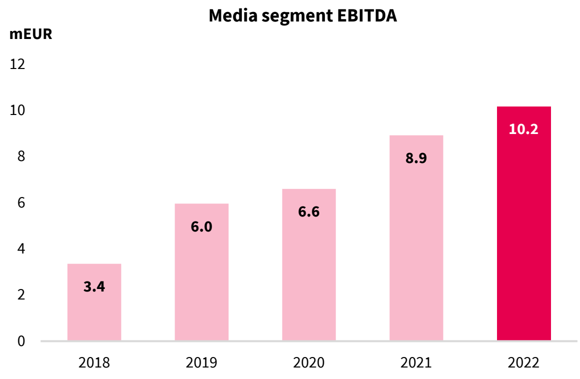
Seasonality

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. In terms of subscription revenues, fluctuations due to seasonality are minimal, especially in terms of digital subscriptions.

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					
	2022	2021	Change %	2020	2019	2018
Media segment	62 690	52 093	20%	43 728	44 218	37 248
advertising revenue	*37 613*	*33 781*	*11%*	*28 173*	*29 472*	*26 226*
subscriptions (incl single-copy sales)	*16 819*	*13 311*	*26%*	*11 336*	*10 199*	*8 550*
marketplaces	*2 232*	*1 013*	*120%*	*851*	*1 368*	*0*
outdoor screens	*2 396*	*1 448*	*65%*	*920*	*1 148*	*207*
sale of other goods and services	*3 630*	*2 539*	*43%*	*2 448*	*2 031*	*2 265*
Corporate functions	4 500	4 118	9%	2 761	2 076	2 341
Inter-segment eliminations	(3 050)	(2 695)		(1 975)	(1 577)	(1 710)
TOTAL GROUP	**64 141**	**53 516**	**20%**	**44 514**	**44 717**	**37 879**
incl. revenue from all digital channels	*49 928*	*40 453*	*23%*	*30 963*	*30 534*	*24 561*
% of revenue from all digital channels	*78%*	*76%*		*70%*	*68%*	*65%*

(EUR thousand)			EBITDA			
	2022	2021	Change %	2020	2019	2018
Media segment	10 183	8 927	14%	6 601	5 966	3 355
Corporate functions	(1 122)	(669)	-68%	(720)	(1 150)	(1 492)
Inter-segment eliminations	(171)	(18)		43	90	179
TOTAL GROUP	**8 891**	**8 240**	**8%**	**5 924**	**4 906**	**2 042**

EBITDA margin	2022	2021	2020	2019	2018
Media segment	16%	17%	15%	13%	9%
TOTAL GROUP	**14%**	**15%**	**13%**	**11%**	**5%**

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 x100
Net margin (%) - continuing operations	Net profit from continuing operations in financial statements/sales x100
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) x100
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 (excl rental liabilities according to IFRS 16) / 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

In 2022, media segment revenue totalled EUR 62.7 million (2021: EUR 52.1 million). Revenue increased by 20% as compared to the same period last year. The revenue growth was strong as compared to the previous year, but it has still been negatively impacted by the war in Ukraine due to which several planned campaigns were postponed by advertising customers in the 1st quarter. At the end of 2022, the Group's digital revenue contributed 78% to total revenue.

Revenue growth is primarily attributable to the growth in online advertising. The advertising market has not significantly increased in terms of its size as compared to the same period last year, but it is the online advertising market that has continued its upward trend as compared to traditional media channels and where group companies have additionally managed to increase their volumes as compared to other market participants. Regarding print advertising, which the Group only has in Estonia, it is positive that we have been able to maintain the level of 2021. At the same time, due to the decrease in circulations and the cancellation of the publication of daily newspapers on Mondays, starting from January 2023, a decrease in the share of print advertising is predictable, which is expected for the Group.

In 2022, the subscription revenues increased by 26% as compared to the same period last year. The growth is primarily attributable to the growth in the number of digital subscriptions and the average price of the subscription in all media houses. For the Group, it is important to grow digital subscriptions and thereby be less dependent on advertising revenues in the long term.

Under marketplaces, the Group recognises the sales revenue of ticket sales platforms in Estonia and Latvia. In 2022, we doubled the sales revenue of the ticket sales platforms. The 2021 base has a significant impact from the Covid-19 restrictions that were in effect throughout the entire year of 2021. In Latvia, all Covid-19 restrictions, that were in effect for almost two years, were lifted from 1 April 2022. The sales of the Latvian ticket sales platform are exceeding the volume of 2019 (the normal operating period before the Covid-19 restrictions), partly due to the increase in the average ticket price in gross amounts. Starting from April 2021, the Group entered the Estonian market with the ticket sales platform Piletitasku. 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 for both ticket buyers as well as event organisers. The platform has been well received and the Group has increased its market share in 2022 as expected.

Outdoor screens in Estonia and Latvia have grown mainly due to the increased number of screens, which as of 31.12.2022 was 84 (31.12.2021 the total number of screens: 57). The Latvian outdoor media company SIA D Screens which won the public tender granting it the right to rent the real estate properties owned by the City of Riga continues to actively develop its 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 are partially installed by end of 2022, leading to additional advertising sales capabilities for the Group. Until the setup of new screens, the cost base of the Latvian outdoor media company will be impacted by the rent payable to the City of Riga which in 2022 totalled EUR 0.2 million.

DIGITAL SUBSCRIPTIONS

Detailed overview of digital subscriptions:

(number of subscriptions)	31.12.2022	31.12.2021	*change*
AS Delfi Meedia	85 551	74 873	*14%*
AS Õhtuleht Kirjastus	22 530	20 992	*7%*
Geenius Meedia OÜ	5 616	4 100	*37%*
Estonia total	**113 697**	**99 965**	***14%***
Delfi AS (Latvia)	14 131	13 446	*5%*
Delfi UAB (Lithuania)	18 780	17 320	*8%*
Ekspress Grupp total	**146 608**	**130 731**	***12%***

The number of digital subscriptions of AS Ekspress Grupp increased by 12% year-over-year across the Baltic States and totalled 146 608 at the end of 2022.

- The number of digital subscriptions of AS Delfi Meedia that publishes the news portal Delfi, newspapers Eesti Päevaleht, Maaleht, Eesti Ekspress and several popular magazines increased by 14% year-over-year and totalled 85 551.
- The number of digital subscriptions of AS Õhtuleht Kirjastus, 50% of which is owned by Ekspress Grupp, increased by 7% year-over-year and totalled 22 530.
- The number of digital subscriptions of Geenius Meedia OÜ increased by 37% year-over-year and totalled 5 616.
- In Latvia, the number of digital subscriptions of Delfi A/S increased by 5% year-over-year and totalled 14 131.
- In Lithuania, the number of digital subscriptions of Delfi increased by 8% year-over-year and totalled 18 780.

The number of Ekspress Grupp's digital subscriptions continued to grow rapidly in all Baltic States in 2022 and has increased the sales revenue of our digital subscriptions. The growth proves that the paid content model is sustainable and has an increasingly important role in the revenues of Group's media businesses. Although consumer spending in the Baltic States is under increasing scrutiny due to inflation and general price increase, the last year's turbulent events kept readers' interest in independent journalism high.

In Estonia, the number of subscribers of Delfi Meedia, the subsidiary with the largest number of digital subscribers, grew the most, by nearly 11 000 or 14% year-over-year. Geenius Meedia demonstrated the fastest growth last year, the digital subscriptions up 37% or by more than 1 500.

The number of digital subscriptions of Delfi in Latvia and Lithuania was affected by changing the packages to be similar to those of Estonia. While in Latvia and Lithuania previously narrower content packages of different Delfi topics were offered and each product was counted as digital subscription separately, in the 4th quarter of last year a unified package-based logic was introduced, giving the digital subscribers broader access to all Delfi content. As a result of the bundling, the number of digital subscriptions in Latvia and Lithuania decreased, but the average digital subscription price increased.

RISK MANAGEMENT

The management board of the Group is responsible for the Group's risk management. Risk management activities and the expected functioning of the process are supervised by the Group's Supervisory Board and the Audit Committee.

Risk management is an important and integral part of managing the Group's business processes, it identifies potential risks, develops internal controls designed to mitigate them, and offers the Group's management a regular overview of risk issues. The management's ability to identify, measure and control various risks has a significant impact on the Group's profitability. Risk is defined by the Group's management as a possible negative deviation from the expected financial result.

The Group's risk management objectives are as follows:

- to support strategy development and implementation;
- to help achieve the Group's financial and operational goals;
- to recognize new potential opportunities in business;
- to prevent undesirable events.

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.

Risk assessment and updating are part of daily management activities. The risks of both existing and developing activities are assessed.

The risks associated with the Group's activities that have a more significant impact are operational and business risk, compliance risk and financial risk (including credit risk, liquidity risk, exchange rate risk, interest rate risk, price 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.

OPERATIONAL RISK

Operational risk is a possible loss caused by insufficient or non-functioning processes, employees and information systems or external factors such as economic recession, war, etc. Operational risks are managed by applying risk management principles, management principles and performance indicators. Insurance has been used to reduce the impact of some operational risks.

The general economic situation significantly affects the Group's operations, especially advertising sales. During periods of economic growth or recovery from recession, there are positive trends in advertising revenue. In the event of an economic recession or negative financial outlook, companies tend to cut their advertising budgets. The Group monitors advertising sales forecasts and market developments of subsidiaries every week, and there is an action plan in case of possible fluctuations. The latter includes planning for different scenarios and tighter control over costs.

Russia's invasion of Ukraine and the resulting increase in geopolitical tensions have created a number of operational and business risks for the Group. The Group has forecasted different scenarios and action plans in case of possible power outages and (or) military intervention. The media company has an important role in society and the goal is to prevent disruption of daily news production.

Circulations of paper products are still decreasing and the pressure on input costs is increasing, with the largest share attributable to costs related to printing and home delivery services. The pressure of input costs is also transferred to sales prices, but is limited to the price level accepted by the end consumer. The Group partly mitigates the paper price risk by purchasing paper in advance for printing and expanding the list of suppliers, thereby improving the competitive situation.

It is strategically important to grow the digital subscription base. The ability to grow and attract new subscribers depends on the size of the readership and its satisfaction with the products. However, the ability to maintain and increase the readership depends on the content offered. The lasting quality of the latter depends in turn on the Group's ability to recruit, develop and retain talent and create conditions for people to do their jobs well.

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, and it reduces the possible occurrence of human errors and mistakes. Considering the scope and volume of the Group's activities, it is also important to manage the risk of fraud. In order to reduce the risk of fraud and the resulting damage, the proportion and effectiveness of preventive measures have been increased. A code of ethics has been adopted in the Group, and a hotline compliant with the Whistleblower Protection Directive is in use.

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. We see a potential risk to our ability to grow and develop along with technical requirements and expectations. The Group's business developments are mostly driven by the needs of customers (readers/subscribers). Cyber risk, the risk of breaching data security and privacy requirements is also important. The ability to detect server attacks in a timely manner continues to be enhanced, staff is being trained on data security and data protection topics. The responsibility for managing operational risk lies with the Management Board of the Group and the management boards of the subsidiaries.

COMPLIANCE (LEGAL) RISK

The Group monitors several risks related to compliance with laws and regulations. It is important to stay informed of the developments in national, EU-level and international regulations and agreements. Since one growth opportunity is the acquisition of new companies and competitors, all transactions are supported by transaction advisors and lawyers.

All aspects related to data protection (GDPR) are important and the Group complies with all related laws and regulations. The Group conducts data protection audits of its subsidiaries and thereby supports the implementation of principles and procedures at the company level.

The four eyes principle mentioned in the operational and business risk section is also applied to legal and compliance matters, such as transactions, including all contracts and other legal documents. The management assesses the legal protection of the Group as good, and there are currently no additional significant legal and regulatory risks.

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.

The payment discipline of clients is continuously monitored to reduce credit risk. A credit policy has been established to ensure the sale or 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 Krediidiinfo 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.

More information on credit risk is disclosed in Note 4 of the consolidated financial statements.

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.

More information on credit risk is disclosed in Note 4 of the consolidated financial statements.

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. Although the Group's business activities are international, the Group has not foreign exchange risk. The functional currency of the Group's companies is euro. 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.

More information on credit risk is disclosed in Note 4 of the consolidated financial statements.

INTREST 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 6-month 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.

More information on credit risk is disclosed in Note 4 of the consolidated financial statements.

PRICE RISK

Circulations of paper products are still decreasing and the pressure on input costs continues to increase that are most affected by costs related to printing and home delivery services. The pressure of input costs is also transferred to sales prices, but it is limited by the price level accepted by the end consumer. The Group partly mitigates the paper's price risk by buying paper in advance for printing and expanding the list of suppliers, improving the competitive situation.

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.

The Group sees the availability of new financing options as part of the capital risk. The availability of financing options on acceptable terms is influenced by many factors, including (1) the company's credit rating or lack thereof; (2) the company's financial performance; (3) general capital market liquidity; (4) general economic situation, etc.

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.

More information on credit risk is disclosed in Note 4 of the consolidated financial statements.

The main risks of the Group and the measures used to mitigate them are presented below:

Risk	Description	Risk mitigation measures	Probability of risk materialising	Impact of risk
1	General deterioration of the economic situation	Weekly monitoring of sales forecasts, forecasting of long-term cash flow	Medium	Medium
2	Geopolitical tensions	Different action plans and scenarios in case of escalation	Medium	Strong
3	Declining profitability of printed products	Transfer of price pressure to the end consumer and changes in the raw material (paper) purchasing process	High	Medium
4	Failure to grow digital subscriber base	Creation of quality content, continuous monitoring of the digital subscriber market, completion of relevant trainings, improvement of user experience, continuous investments in product development	Low	Medium
5	Cyber security	Personnel training, investments to increase security and reliability	Medium	Strong
6	Requirements arising from the GDPR regulation	Training employees, involving the group's data protection specialist in making important decisions and conducting regular compliance audits	Medium	Medium

SHARES AND SHAREHOLDERS OF AS EKSPRESS GRUPP

As of 31 December 2022, the company's share capital is EUR 18 478 105 (31.12.2021: EUR 18 478 105), which is divided into 30 796 841 (31.12.2021: 30 796 841) shares with a 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 2022

Name	Number of shares	%
Hans H. Luik and companies under his control	22 552 672	73.23%
Hans H. Luik	*7 963 307*	*25.86%*
OÜ HHL Rühm	*14 589 365*	*47.37%*
LHV Bank and funds managed by LHV Varahaldus	2 550 924	8.28%
Members of the Management Boards*	122 463	0.40%
Other minority shareholders	5 123 706	16.64%
Treasury shares	447 076	1.45%
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.

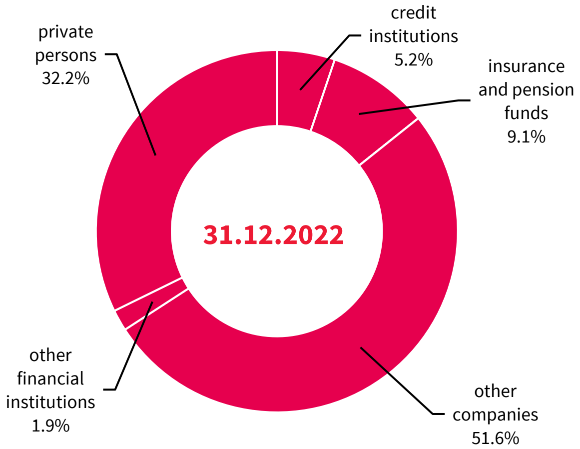
Kaspar Hanni (the Member of the Management Board until 2 February 2023) holds 18 462 shares.

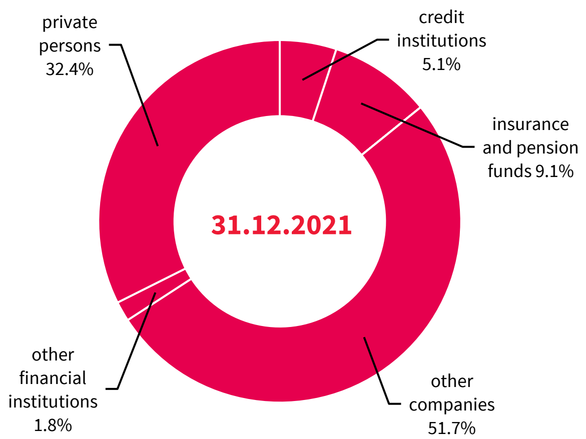
Signe Kukin holds 38 140 shares.

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).

Distribution of shareholders by category:

Category	31.12.2022 Number of shareholders	31.12.2022 Number of shares	31.12.2021 Number of shareholders	31.12.2021 Number of shares
Private persons	4 854	9 930 432	4 379	9 975 908
Other companies	274	15 882 793	265	15 911 697
Other financial institutions	39	585 368	39	548 005
Credit institutions	11	1 595 862	10	1 555 786
Insurance and pension funds	7	2 801 967	7	2 805 026
Non-profit organisations	2	419	2	419
TOTAL	**5 187**	**30 796 841**	**4 702**	**30 796 841**





Geographical distribution of shareholders:

Country	31.12.2022 Number of shareholders	31.12.2022 Number of shares	31.12.2021 Number of shareholders	31.12.2021 Number of shares
Estonia	5 130	29 498 575	4 649	29 574 316
Finland	18	32 949	16	32 298
Germany	6	95 329	6	38 317
Lithuania	5	153 534	6	197 614
Latvia	5	73 563	5	90 305
Netherlands	3	8 788	1	5 000
Denmark	3	151	2	101
Switzerland	2	266 863	2	190 668
Sweden	2	103 067	1	98 757
Italy	2	1 607	2	1 607
Australia	2	611	2	611
Belgium	2	160	2	1 010
United Kingdom	1	322 573	1	322 573
Luxembourg	1	144 811	1	144 811
Monaco	1	84 196	1	92 196
United States	1	7 164	1	4 599
Spain	1	1 800	1	757
Canada	1	1 000	1	1 000
Portugal	1	100	1	100
Ireland	0	0	1	201
TOTAL	**5 187**	**30 796 841**	**4 702**	**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	0.60 EUR
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 a conservative capital allocation in order to provide the Company with the 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 net 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 payout rate or not to pay dividends.

Dividends

At the regular General Meeting of Shareholders of AS Ekspress Grupp held on 2 May 2022, it was decided to pay a dividend of 8 euro cents per share in the total amount of EUR 2.43 million. Dividends were paid to shareholders on 20 May 2022.

Date of the General Meeting	02.05.2022	04.11.2021	06.06.2018	13.06.2017
Period for which dividends are paid	2021	2020	2017	2016
Dividend payment per share (EUR)	8 cents	10 cents	7 cents	6 cents
Total payment of dividends (EUR thousand)	2 425	3 028	2 085	1 787
Dividend pay-out ratio (%) - calculated on the net profit from continuing operations	59%	119%	212%	131%
Dividend pay-out ratio (%)	108%	121%	66%	41%
Date of fixing the list of dividend recipients	16.05.2022	19.11.2021	20.06.2018	29.06.2017
Date of dividend payment	20.05.2022	23.11.2021	03.07.2018	06.07.2017

Securities trading history 2018–2022

Price (EUR)	2022	2021	2020	2019	2018
Opening price	1.59	0.79	0.83	1.03	1.26
Closing price	1.50	1.56	0.80	0.83	1.04
High	1.90	1.90	0.86	1.03	1.38
Low	1.36	0.77	0.59	0.72	0.99
Average	1.64	1.17	0.68	0.86	1.20
Traded shares, pieces	1 136 944	3 166 936	2 886 728	762 202	751 026
Sales, EUR million	1.87	3.72	1.95	0.66	0.90
Capitalisation at balance sheet date, EUR million	46.20	48.04	24.48	24.58	30.99
P/E ratio (price earnings ratio)	11.41	21.42	9.76	17.64	4 701.36

The price of the share of Ekspress Grupp (EEG1T) in euros and the trading statistics on NASDAQ Tallinn Stock Exchange from 1 January 2018 until 31 December 2022.

The share price comparison (%) with Nasdaq Tallinn Stock Exchange index from 1 January 2018 until 31 December 2022.

INDEX | EQUITY	OPENING VALUE	CLOSING VALUE	CHANGE %
OMX Tallinn_GI	1,242.12	1,766.73	+42.24
EEG1T - Ekspress Grupp	1.25	1.5	+20

SUSTAINABILITY REPORT

It is the first separate ESG report published by Ekspress Grupp. In previous years such information has been embedded in the management report. The goal of publishing a separate ESG report is to gradually become compliant with the requirements of the EU Sustainability Reporting Directive and its reporting requirements. The application of the Directive will be mandatory for Ekspress Grupp from 2024.

The ESG report is based on key themes identified in the sustainability strategy of Ekspress Grupp compiled in 2022. It highlights long-term goals and benchmarks of Ekspress Grupp. This time we present in our report key performance indicators related to the ESG strategy and other performance indicators whose base level is known. For other benchmarks, a data collection system will be created in 2023. In 2023, we will focus on setting the goals for benchmarks.

ESG STRATEGY OF EKSPRESS GRUPP

Ekspress Grupp is the leading media group in the Baltic countries and therefore plays an important role in the development of the society. The Group's media publications significantly shape the public information space in all its three home markets, i.e. Estonia, Latvia and Lithuania. As an employer of a considerable size, the Group has an obligation to manage all Group enterprises in an ethical and responsible manner, and to create independent, professional and reliable media content.

Ekspress Grupp has consistently been engaged in management of its social responsibility and impact. The Group has earlier agreed on the areas and activities that have social impact and responsibility, including setting goals for sustainable development and their fulfilment. Expectations about the responsibility of the media sector have increased in recent years and global sustainability trends influence the operations of all Group companies on a daily basis. Consequently, in 2022 we created a Group-wide ESG (environmental-social-governance) strategy so that we can take a great leap forward in sustainability-related activities. The finalised ESG strategy will redefine some areas of activity, expand the range of important sustainability themes for Ekspress Grupp and establish the Group's goals and main activities on how to reach the goals on the Group and individual company level. Our ESG strategy is our answer to the expectations of stakeholders and an effort to contribute to the fulfilment of the UN sustainable development goals.

As a Group, Ekspress Grupp is dedicated to ensuring that all Group companies have a positive impact on people and the environment, contributing to the fulfilment of the UN Sustainable Development Goals.

We are actively seeking opportunities to create a positive impact on the society through the core activities of Group companies. We are adhering to the international principles of responsible enterprise (including UN Global Compact), OECD Guidelines for Multinational Enterprises, UN Guiding Principles on Business and Human Rights to ensure that our operations and business strategy do not infringe the rights or wellbeing of any stakeholder groups. In addition, we wish to reduce the impact of the Group's operations on the environment and to make our contribution to achieving the goal of alleviating the climate change according to the Paris agreement.

Development process of the ESG strategy

The ESG strategy of Ekspress Grupp is based on the international standards of a responsible enterprise, on EU sustainability regulations and on the sector's best practices. In our materiality analysis, we took into account the following aspects.

1. **Media Materiality 2022, mapping of important themes for the media sector.** Published by the Responsible Media Forum (RFM), it is based on the view of different stakeholder groups. This includes International ESG reporting frameworks, investor indices and mapping of key themes of the RFM members. In addition, the RFM conducted interviews with sustainability specialists of media companies, policy-makers and representatives of non-governmental organizations.
2. **EU sustainability requirements.** As a listed company of a considerable size, Ekspress Grupp must comply with several EU sustainability regulations, in particular the Taxonomy Regulation and the Sustainable Reporting Directive. Looking ahead, the Group considers it important to comply with the directive on corporate sustainability due diligence and the directive on enhancing gender equality in the management boards of listed companies.
3. **International standards of responsible enterprise.** As an international media company, Ekspress Grupp considers it important to adhere to the OECD Guidelines for Multinational Enterprises.
4. **View of key managers of Ekspress Grupp.** Members of the Management Board of Ekspress Grupp, CEOs of the key subsidiaries and editors-in-chief of media houses participated actively in defining the goals for the ESG strategy and in approving the course of action.

"In the strategy creation process it is important to ensure that the managers of the Group's entities are involved, they can contribute and later become the ambassadors of sustainability within the organisation."

Mari-Liis Rüütsalu, CEO of Ekspress Grupp

As a result of the analysis of significant themes we identified nine ESG focus themes. We consolidated these themes under three social impact and responsibility areas and assigned priority levels to them.

Area of social impact and responsibility	Focus themes	Level
Leading ethical and responsible media group	Independent and influential media group	Fundamental importance
	Responsible advertising platform	Fundamental importance
	Subscribers' rights and wellbeing	Base level
Responsible and attractive employer	Personal and professional development of employees	Strategic importance
	Employee wellbeing	Strategic importance
	Equal treatment, diversity and engagement	Strategic importance
Responsibly and sustainably managed company	Reduction of environmental impact: resources efficiency and climate impact	Strategic importance
	Honest and responsible management	Base level
	Supply chain sustainability	Base level

The objective of dividing focus themes into different levels was to formulate our social impact by ESG themes and to understand which themes require more resources due to their bigger impact and strategic importance.

- **Fundamentally important** – topics directly associated with our core activity and where our impact on the society is the largest;
- **Strategically important** – topics that have strategic importance for our direct and wider impact and in terms of our long-term success;
- **Base level** – topics that require constant attention and development mainly from the point of view of efficiency and compliance with relevant requirements

"The clear goals and performance indicators provided in the ESG strategy simplify making long-term decisions that can impact short-term business success."

Argo Virkebau, Chairman of the Management Board of Delfi Meedia

Brief overview of the strategy of Ekspress Grupp

"In 2023, we wish to take the next leap in our development and engage all our employees in EGS activities so that we have a Group-wide understanding of our impact."

Mari-Liis Rüütsalu, CEO of Ekspress Grupp

Focus subject	Promise	Target (2025)
	Leading ethical and responsible media group	
Independent and influential media group	➢ The goal of Ekspress Grupp is to be the leading supporter of freedom of speech in the Baltics and to promote the society, providing access to fact-based and quality information. ➢ We wish to contribute to the development of the media sector on a wider scale in order to preserve and promote a high level of freedom of press in the Baltic countries. ➢ We take responsibility to promote sustainable development. We use our talent and resources in order to consistently and systematically inform the public of significant sustainability issues.	➢ Zero articles in media publications of Ekspress Grupp that violate the national journalism code of ethics. ➢ Zero violations of Ekspress Grupp's journalism code of ethics (in preparation).
Responsible advertising platform	➢ Our goal is to be a well-known, trusted, ethical and responsible advertising platform for our customers and readers. ➢ We wish to take a leading role in the Baltics in promoting the principles of responsible advertising in our sector.	➢ Zero cases where advertising or content marketing displayed in our platforms contradicts our internal rules.
Subscribers' rights and wellbeing	➢ We shall ensure the security and privacy of our users/customers/readers and make sure that our media content and services are accessible to all stakeholders.	➢ Zero violations of personal data protection requirements. ➢ Access is ensured to all media content, taking also into consideration the needs of people with special needs.
	Responsible and attractive employer	
Personal and professional development of employees	➢ We are a leading employer in the media sector of all three Baltic countries. We facilitate and actively offer possibilities for personal and professional development. We support employees in adapting to the changing media landscape, in particular in the development of digital competence.	➢ We have drawn up personal study and development plans for all our employees.
Employee wellbeing	➢ We provide a working environment that promotes employee health and wellbeing and where employees can fulfil themselves.	➢ We preserve high employee satisfaction level. ➢ Zero cases of work-related health damage.
Equal treatment, diversity and engagement	➢ Equal treatment, diversity and engagement are inherent to all companies and the organisational culture of Ekspress Grupp.	➢ Zero percent wage gap between men and women. ➢ To reach compliance with the EU Directive on gender balance in business leadership.
	Responsibly and sustainably managed company	
Reduction of environmental impact: resource efficiency and climate impact	➢ We constantly reduce the climate impact of the organisation as well as services/products. ➢ We improve the resource efficiency of our activities and products.	➢ Digital companies of Ekspress Grupp reduce the climate impact across the value chain by 2030, in compliance with the Paris agreement, and reach climate neutrality by 2050. ➢ Delfi Meedia reduces the climate impact across the value chain 80% by 2030 from the 2020 level.
Honest and responsible management	➢ Group companies must be managed with integrity, lawfully and ethically.	➢ Zero cases of corruption or violation of business ethics related to Group companies or employees.
Supply chain sustainability	➢ We demand that our suppliers comply with our sustainability ambitions and values, and follow the same ESG practices. ➢ When purchasing products and services we take into account the environmental impact when it is relevant and possible.	➢ All our main suppliers comply with ESG principles.

SOCIAL IMPACT, ROLE AND RESPONSIBILITY

As a leading media group, Ekspress Grupp is well aware of its role in the economic and social development of all its home markets. Group companies have undeniably the biggest impact and possibility to contribute to the society and democracy through their core activities – by creating media content and offering modern digital solutions and services. To ensure that our positive contribution has as great an impact as possible, we conduct our activities in all media segments according to principles of corporate responsibility and sector standards.

Independent and influential media

The role and responsibility of media is to bring relevant and challenging themes to the public. Coverage of social challenges turns attention to important processes that need to be changed so that they can be positively influenced thereafter.

With its ESG strategy, Ekspress Grupp assumes a Group-wide role and accountability for creating real changes to support sustainable development, especially UN Sustainable Development Goals.

To contribute to the public Ekspress Grupp's companies focus mainly on:

- creating professional and trusted journalistic content,
- taking a leading position in the market in covering sustainability topics and
- contributing to the development of the media sector by public statements and through professional associations.

<table>
<tr><th colspan="3">ESG strategy</th></tr>
<tr><td>Promise</td><td>➢ The goal of Ekspress Grupp is to be a leading supporter of the freedom of speech in the Baltics and to foster the society by providing access to fact-based and quality information.
➢ We wish to increase our contribution to the development of the media sector in order to preserve and promote the high level of press freedom in the Baltics.</td><td>➢ We use our talent and resources to consistently and systematically inform the public about key sustainability issues.</td></tr>
<tr><td>Target</td><td colspan="2">Ekspress Grupp's media publications do not publish content that is unethical or contrary to journalistic standards, i.e.
➢ zero articles in Ekspress Grupp's media publications that contradict the national journalism code of ethics;
➢ zero violations of Ekspress Grupp's journalism code of ethics (in preparation).</td></tr>
<tr><td>Strategic activities</td><td>To fulfil this goal, we have agreed on the following activities to support media accountability:
➢ We actively work to ensure that our journalistic content is independent, ethical and of high quality;
➢ We contribute to the development of media and information literacy in cooperation with relevant interest groups.</td><td>To consistently reflect the challenges of sustainable development:
➢ We connect publications with socially important focus topics;
➢ We create and develop media platforms focused on sustainability issues.</td></tr>
</table>

View/current situation for 2022

Benchmark	2022	Target for 2025
Number of articles that breach journalism standards in the media publications of Ekspress Grupp	1	0
Number of cases of violations of the Group's journalism code of ethics (in preparation)	n/a	0

The Latvian Press Council found that Delfi Latvia had breached the media code of ethics by erroneously reporting that Latvian businessman Juris Savickis had died. Delfi Latvia acknowledged the mistake of publishing the news before checking the facts. The news was retracted.

In 2022, 24 complaints were filed against Delfi Meedia, 5 of which were dismissed by the court. Proceedings are still pending in the remaining 19 cases.

Accountable journalism

We adhere to the following principles of accountable journalism.

- **Press ethics starts with independence**

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 equally and can present counterarguments and, if necessary, corrections. 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.

- **Standing up for credibility and freedom of expression**

The continued and increasingly sharp polarization of the public increases the pressure on media houses to create and present reliable and quality journalistic content in a timely manner.

- **Comment control by human moderation**

Comments are an important part of online publications as they enable the readers to express their views on topics that are important to them. Ekspress Grupp's media publications promote comments by users who are registered and logged in. Inappropriate comments are removed by both human moderators and a machine-learning moderating system.

"At times of war and uncertainty, independent journalism has an extraordinary role to play - in addition to informing people 24/7, our publications have a responsibility to all Estonian people to describe and analyse Russia's aggression, show its effects and consequences, while we ourselves must remain calm and determined."

Urmo Soonvald, Editor-in-Chief of Delfi and Eesti Päevaleht

With the war in Ukraine, new challenges emerged in creating responsible content. The common position of all Ekspress Grupp companies is that Russia is an aggressor state. There were no concessions made on this position, but it was extremely important to find a way to reflect the actions of Russia as an aggressor state without placing the blame on the Russians living in the Baltics.

"Finding a balance between our portals in Latvian and Russian was a challenge in 2022. On the very first day of the war, we publicly declared who was the aggressor and that it was not a special operation, but a war against Ukraine. We have a very strong Russian-language editorial office and some Latvians told us that we publish content that is favourable to Russia. At the same time, for the Russians living in Latvia, we were "too pro-Latvia". Elderly readers of the Russian-language portal were unable to accept the idea that the Russian Federation is the aggressor. As for younger Latvians, they did not understand why we do not translate Latvian content directly into Russian. However, the translation of Latvian content would not have been possible without our Latvian editorial team with a Russian background. That is why we have kept these editions separate. It was an emotionally difficult situation for us."

Konstantins Kuzikovs, Chairman of the Management Board of Delfi Latvia

"As a responsible content creator, our task is not to treat all Russian-speakers the same. We discussed different connotations of words during the year. We certainly do not avoid the words "Russian" and "Russia" when covering what is happening in Ukraine. However, we agreed not to use hateful terms or colloquialisms that could label local Russians. It is a very sensitive subject. We try to be careful and are constantly learning from our mistakes."

Filips Lastovskis, Editor-in-Chief of Delfi Latvia

Artificial intelligence helps to measure the balance of Estonian media

In 2022, "Prototype of a tool for measuring the balance of journalism", a project by Indrek Ibrus, professor of media innovation at the Baltic Film, Media and Arts Institute, Andres Karjus, a cultural data analysis researcher at the Institute of Humanities, and Mark Metsa, a junior researcher at the Institute of Humanities, won the contest of applied research and development works organised by the Tallinn University.

The winning entry is an application study commissioned by AS Ekspress Grupp whose goal is to develop a new, machine learning-based method for measuring and evaluating the ideological bias in Estonian journalism. A novel model implemented by artificial intelligence (AI) enables to enhance and automate the prototype so that the ideological stance of the media channel can be assessed on an ongoing basis according to specific subject areas.

"We had an idea to analyse the content of Delfi Meedia to find out how we cover certain topics and whether we are at times too one-sided or biased, because nowadays there is so much content on the web that it is very difficult to evaluate it objectively. Human assessments are subjective and depend on how the person sees and senses the content and specific context. So we came up with the idea of trying to use machine learning to teach a machine to evaluate our content."

Mari-Liis Rüütsalu, CEO of Ekspress Grupp

The project assured us that the method works and it is possible to teach a machine to recognise text and rate it. This is a prototype, and work continues to find ways to further develop the innovative method and use it more widely to evaluate the content produced by the media group.

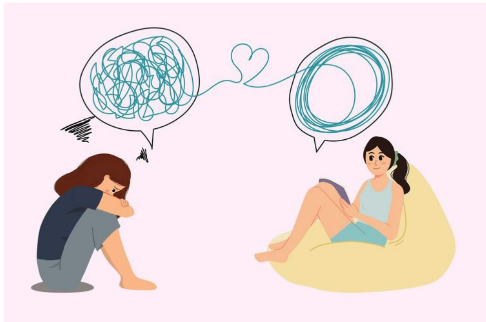
Key issues raised by the media in 2022: how we changed the society by reporting on important issues

Estonia

- Õhtuleht discovered schemes that helped the country's largest arms dealer Ants Põldsam to secure lucrative deals in the procurements of the Police and Border Guard Board. By now, the Prosecutor's Office has declared Põldsam a suspect in large-scale tax fraud.
- Õhtuleht exposed that Martin Repinski, MP for the Centre Party, lets the parliament to compensate the rent of an apartment where he does not stay. Õhtuleht also published cost reimbursements of Kert Kingo, an MP of EKRE and former government minister. It seems that she let the state to pay for the legal fees of third parties.

- On the initiative of Delfi Meedia's investigative journalism department we raised the issue of Estonian payday loan companies and their questionable behaviour regarding borrowers who are at risk of losing their homes or other assets. The topic helped to speed up the adoption of a legislative amendment in the parliament and the parliamentary legal committee invited our journalists to a meeting to speak and share their insights on the problem.

- Õhtuleht published a series of articles on suspicions of financial embezzlement by the head of Liikva Päikesekodu youth home.
- Õhtuleht's journalist and videographer visited Bangladesh, the hotspot of climate change. In a series of articles they described how climate crisis affects the residents of this South Asian country and solutions in battling hurricanes, floods and scorching heat.
- One issue that Delfi Meedia's magazines are focusing on is the mental health of Estonians. We have educated readers on how to detect and handle mental health problems and how others can support people who are affected by it. We have shared specialists' comments and advice and, more importantly, raised the issue of mental health also on the political level.



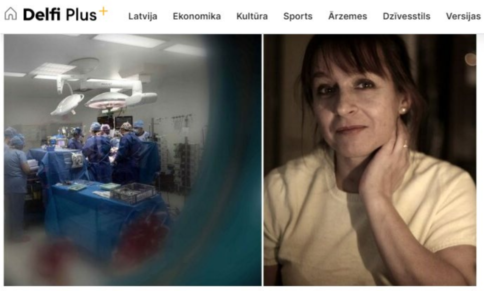
- Delfi Meedia's sports news department has been writing for years that Estonian children do not move enough – both at school and in their leisure time. In our articles we have tried to convince both the education system and parents that the foundation to good health must be laid already in schools and that a healthy lifestyle is a foundation for the future.

- Delfi Meedia's investigative journalism discovered after the start of the war that Estonia continued to supply certain oil products to Belarus. After we published our article these oil products were sanctioned both in Estonia and later all over the EU.

- Geenius Meedia published a series of IT success stories that brought Estonia a lot of fame "Estonian IT mafia: The threads and thread pullers of our IT success story".
- Geenius Meedia published stories on how Isamaa members who dismantled the second pension pillar themselves continued to invest in pension plans.
- Geenius Meedia article "Secret trick to lower the interest rate on an existing home loan: just ask the bank" sent borrowers to banks to negotiate lower interest rates.

Latvia

- Delfi Latvia wrote about the terrible state of the liver transplant practice in Latvia. The case was covered extensively by media and lead to a complete suspension of all liver transplant surgeries in Pauls Stradiņš Clinical University Hospital. Doctors conducting liver transplant surgeries were also ordered to undergo an additional training course.



- The Latvian sports community keeps friendly relations with Russia. Delfi Latvia published a story on the Latvian ice hockey coach who continued to coach a KHL ice hockey club and played in Russia also after February 24. After the Latvian Ice hockey Federation was asked for a comment, the federation terminated the coach's license.
- Delfi Latvia and other larger public periodicals wrote about an investigation conducted by Latvian security services according to which the mayor of Daugavpils, Latvia's second-largest town, is spreading pro-Kremlin fake information and could become a serious security threat.

Lithuania

- Delfi Lithuania published a series of articles on luxury residences built for millionaires on the shore of Lake Gulbinas in violation of the building code.

- Delfi Lithuania in 2022 published a documentary Delfi at War which described how journalists who report war news from Ukraine are risking their lives while remaining in the background themselves.
- Delfi Lithuania exposed that a series of articles published in Financial Times about Lithuanian politicians, achievements and developments, that the Lithuanian government was openly very proud of, was actually paid for by the Lithuanian taxpayer.
- Delfi Lithuania published an exclusive interview with Ričardas Pocius, ex-head of Public Security Service, who claimed that the Minister of the Interior Agnė Bilotaitė forced him into resignation by questioning the handling of riots held in front of the parliament building.

Coverage of sustainable development

"In 2022 it was the war that decided which topics dominated the news. We adjusted both our work organisation and selection of topics to ensure that this new reality was aligned with both our mission and readers' expectations. This is why environmental issues were less visible in the news than before. As the energy crisis was looming, the main focus was on energy supply security and not on green transition."

Argo Virkebau, Chairman of the Management Board of Delfi Meedia

In 2020, Eesti Päevaleht was the first media outlet in Estonia to launch a climate section in 2020. In 2021, it was expanded into a more general green portal (roheportaal.delfi.ee). By now Ekspress Grupp has launched portals dedicated to environmental issues in Eesti Päevaleht, Geenius Meedia (roh.geenius.ee) and Delfi Lithuania (delfi.lt/grynas/).

Delfi Lithuania has created a separate sustainability content platform Sustainable Lithuania (Tvari Lietuva), the objective of which is to promote the public debate on sustainability and to make the sustainability issue more visible in the media. Tvari Lietuva publishes investigative articles on sustainability in Lithuania and elsewhere in the world, hosts a talkshow in Delfi TV and radio program „Ziniu radijas", participates in and organises public events and debates on this issue.

"It is clear that environmental awareness is growing in Europe and also in Lithuania. There is more information available on the climate crisis, loss of biodiversity, pollution and different social problems. Therefore, the public is also more interested in having in-depth knowledge about these issues. At the same time sustainability remains a sensitive issue that some people still prefer to avoid. In this situation it is important to come up with innovative ways on how to talk about sustainability. Tvari Lietuva is the way of Delfi Lithuania to increase interest in sustainability."

Vytautas Benokraitis, CEO of Delfi Lithuania

In 2023, the editorial team of Delfi Latvia plans to launch a new section to cover all aspects of sustainability.

„The goal of the new section is to focus on different ways about how to be sustainable and on the opportunities offered by sustainable enterprise."

Konstantins Kuzikovs, Board Chairman of Delfi Latvia

In addition to the green portal of Eesti Päevaleht, other media platforms of Delfi Meedia have developed more extensive social themes which have been in the focus of the largest brands for several years.

- **Delfi**: reduction of traffic deaths
- **Eesti Ekspress**: reduction of home violence
- **Eesti Naine**: mental health
- **Maaleht**: appreciation of rural life

"Mental health issues have become much more visible and prominent and Delfi Meedia has contributed to their coverage."

Argo Virkebau, Chairman of the Management Board of Delfi Meedia

Sustainability-related events and cooperation projects on sustainability

Ekspress Grupp has expanded its business to event management and is also focusing on sustainability issues since we wish to be a spokesperson on the issue of sustainability.

- In October 2022, **Delfi Meedia** organised green conference **"NOW and Ten Years from Now"** that strived to answer the question what we need to do today to ensure that future generations have a life worth living, and what is the world around us ten years from now.

- In October 2022, **Delfi Lithuania** organised **a conference on sustainability for businesses**. In the two-day conference, Lithuanian and foreign experts shared their experience and knowledge on the comprehensive management of ESG, including measuring of environmental impact and setting reduction targets. Key debates were also webcast in Estonia and Latvia.

- For promoting sustainability, Delfi Lithuania cooperates with exhibition centre LITEXPO in order to cover the sustainability issue in every exhibition. Sustainable Lithuania (Tvari Lietuva) is also media partner for many sustainable development initiatives in Lithuania (e.g. Zero Waste Festival, Fairtrade Month, National Walking Initiative).

"We plan to organise sustainability-related events also in the future and do it more regularly. In 2023, we will cooperate with Impact Day, the largest festival in Baltics in terms of impact and sustainability, whose media partner Delfi Meedia was also in 2022."

Argo Virkebau, Chairman of the Management Board of Delfi Meedia

In March 2022, publisher Õhtuleht Kirjastus launched kliendilehed.ee, a website of discount offers from food stores and DIY stores aimed at reducing the share of printed advertising. The initiative provides consumers with an easy access to discount offers and reduces the environmental impact of printing and transporting advertising brochures.

Development of the media sector and media competence

As a leading media group, Ekspress Grupp has assumed the role of the voice of the media sector with a view of contributing to the development of the sector. We actively support the development of media competence and fact-based knowledge.

Media publications of the Group are active partners of educational establishments in all three countries: Tartu University and Tallinn University in Estonia, Vilnius University in Lithuania and Latvian University, Stockholm School of Economics, Riga Stradin University and Vidzeme University in Latvia. The goal of this partnership is first and foremost to improve the awareness of young people about career choices and possibilities in journalism. 55 trainees worked in Ekspress Grupp companies in 2022.

For expanding media competence and introducing trends shaping the media sector, the leaders, managers, editors-in-chief, journalists and specialists of other business units of our Group companies make presentations to different stakeholders.

For a third year in a row, **Delfi Latvia** in cooperation with the Baltic Media Centre of Excellence organised a course **#Storygram** in which young journalists were tutored by more experienced journalists and learned practical journalism and multimedia skills.

Participation in organisations and cooperation projects

Media publications of Ekspress Grupp are members of various local and international organisations:

- Estonian Association of Media Companies (and through this, membership in News Media Europe)
- Internet Media Association
- International Fact-Checking Network (IFCN)
- Latvian Association of Journalists (Latvijas Žurnal asociācija)
- International News Media Association – INMA
- Estonian Press Photographers Association
- The European Digital Media Observatory (EDMO)
- Baltic Engagement Centre for Combating Information Disorders (BECID)

Periodicals of Ekspress Grupp participate regularly in cooperation projects and are partners of the following organisations:

- Organised Crime and Corruption Reporting Project (OCCR))
- International Consortium of Investigative Journalists (ICIJ)
- Calouste Gulbenkian Foundation

Ekspress Grupp contributes extensively to the development of society through various cooperation projects. In 2022, the following projects deserve to be highlighted.

Estonia

- Publishing house Hea Lugu announced a **competition of historical novels** as fascinating stories and characters put life in important historical events, phenomena and persons.

Latvia

- Delfi implemented a large **project related to the parliamentary elections**, which included debates, special projects and for the first time product development cooperation with local designers.
- For the fifth year, in December, Delfi Latvia collected donations for families who have to take care of their sick loved ones on a daily basis with the **"Strength and Strong People" charity donation campaign**. This year, the campaign drew attention to a time when a family member in need of care becomes an adult. This is a time when state support for the family is significantly reduced, but the sick family member still needs support and care. 52,000 euros were raised in the 2022 campaign.

Lithuania

- Since 2013, the editorial department of **Lithuanian Delfi has been handing out Delfi Titan awards to outstanding people** who break stereotypes with their example and draw attention to important public phenomena and events. In 2022, 7 people received recognition, among others the President of Lithuania Valdas Adamkus.
- Delfi organized the concert of **Kalush Orchestra**, winner of 2022 Eurovision Song Contest, in Vilnius for more than 5,000 people. Half of the ticket revenue (40,000 euros) was donated to the **"I am Ukraine"** charity fund.

- The three-day investment conference **"My investment"** brought together both beginners and experienced investors. In total, 9 discussion panels were held, 19 hours were broadcast, 50 speakers took the stage, and the conference broadcasts have been viewed more than 300,000 times.

Donations to the community in 2022
The companies of Ekspress Grupp supported various social initiatives and projects in 2022. Most financial support went to the victims of the war in Ukraine, but also to journalism students, the Estonian Media Association, Jaan Tõnisson Society and other smaller social initiatives.

Responsible advertising

As a media group, our activities are not limited to journalistic content. Advertising sales on our media platforms and on digital outdoor displays play a significant part in our commercial success. Therefore, we also have a responsibility to ensure that the marketing messages we deliver are aligned with our own values, and national and international marketing regulations.

ESG strategy	
Promise	➢ Our goal is to be recognised and trusted by our customers and readers as an ethical and responsible advertising platform. ➢ We want to take a leading role in the Baltics in promoting the principles of responsible advertising in the media sector.
Target	➢ Zero cases where advertising or content marketing displayed on our platforms breaches our internal rules.
Strategic activities	➢ We ensure that marketing messages delivered on our platforms comply with the law, are honest and truthful. ➢ We clearly separate content marketing from journalistic content.

View/current situation for 2022

Benchmark	2022	Target for 2025
Number of cases that breach Ekspress Grupp's responsible advertising principles	n/a*	0
Number of violations of content marketing rules	0**	0

** Ekspress Grupp plans to draw up Group-wide responsible advertising principles as part of the implementation of the ESG strategy.*

*** The head of Delfi TV, Arturas Paknys, received a warning from the Lithuanian Radio and Television Commission for inaccurately designated advertisement on the TV show. Delfi Lithuania was not penalized.*

Content marketing

Content marketing continues to grow, setting requirements and restrictions for all media houses, including Group periodicals, to ensure reliability and transparency. The Group is convinced that the journalistic content must not be influenced by the interest of advertising clients, content marketing or the organisation of the group's own commercial events. The Group's periodicals have drawn a clear line between advertising and editorial work, content marketing and other content shown for a fee must be recognizable and labelled accordingly.

Ekspress Grupp's media houses have internally agreed content marketing rules. Ekspress Grupp plans to assess the need to harmonise these rules and, if necessary, adopt group-wide guidelines for content marketing as part of the implementation of the ESG strategy.

"Our draw a clear line between content marketing and journalistic content. Both are created by different people and we do not test these boundaries. We also keep them separate in new formats where other practices have been in place from the beginning, such as podcasts."

Argo Virkebau, Chairman of the Management Board of Delfi Meedia

Advertising sales

All companies of Ekspress Grupp adhere to the obligations and restrictions arising from the law in advertising sales.

For Ekspress Grupp, responsible data use in advertising sales is part of our responsibility to our customers, as well as a business opportunity. Following the trends of the advertising market, the question of how to approach behaviour-based advertising and what constitutes responsible advertising will become more important in the near future; how to avoid misuse of personal data that would be against either good practice or the law.

"Responsibility in targeted advertising is a huge trend that is starting to differentiate market players."

Argo Virkebau, Chairman of the Management Board of Delfi Meedia

Digital outdoor advertising

For Ekspress Grupp's digital outdoor advertising companies (Linna Ekraanid OÜ and D Screens SIA), part of their social responsibility is related to light pollution from advertising screens, which can affect both city residents and road users. Companies take into account the requirements arising from the law and the agreements of good practice of outdoor advertising; in the case of the latter, cooperation is carried out with national associations of advertising and outdoor media companies. For example, screen brightness is adjusted according to the time of day, and animations are limited to help avoid excessive light noise.

SOCIAL IMPACT

Customers and consumers

Our services and service development have a consumer-centric approach. In addition to daily news stories, readers wish to know more about different areas of life: sports, culture and environmental issues. In addition, all media content must be available to each customer in the channel and format of their choice.

Customer experience and satisfaction

For Ekspress Grupp, it is important to satisfy the customers of the companies that are part of the Group, match the offered services with the customer's expectations and needs, and exactly fulfil the promises made to the customer.

"We see that today readers accept digital subscriptions and this is a growing trend. While a year or two ago it seemed that if customers were to subscribe to anything, it would be very limited, but now there are several subscriptions even in the same family. If the reader has already consumed a certain product, the expansion of the portfolio of digital subscriptions is more likely. The development of digital intelligence is at the forefront of media today, and it is also important for every media house to learn to better understand its customer. It also motivates the media house to create better content. Better content creation process and growth of digital subscriptions mean that more content fulfils readers' expectations and needs."

Kaspar Hanni, Head of Development of Ekspress Grupp

In 2022, the number of digital subscriptions of Ekspress Grupp media companies increased by a total of 12% in the Baltic countries compared to 2021 and reached 146,608 subscribers at the end of December 2022.

In addition to self-service, there is active communication with customer service

Ekspress Grupp's periodicals map and design customer satisfaction and experience, as this ensures the development of new products/services that meet consumer expectations and needs. Creating convenient solutions for the customer, being committed to it and listening to the customer is an opportunity to stand out from the competition.

Self-service environment plays an important role in customer communication as customers can place orders for digital channels, paper publications and packages.

Self-service site lehed.ee received 160,000 visits per month and the number of unique visitors per month was 47,000 devices.

Although the importance of digital channels in information consumption is increasing, the phone continues to bed for prompt communication with customer service. The systems have become more stable and subscribers have less and less concerns compared to the years when digital services were first launched. In 2022, Delfi Meedia's customers contacted customer service 88,052 times, 59% of which were phone calls and 41% were e-mails.

There is a noticeable change in the behaviour of consumers in how they relate to their subscriptions, i.e. how they expect the company to communicate with them, and this applies to all services. If a person consumes some digital products of Ekspress Grupp media house, Netflix and something else, he or she assumes that they are all equally good, including customer service. Media consumers want us to know them and their products and they want all products and services ordered bundled together in self-service. The general level of development of digital services in the market is increasing. The consumer expects that the processes will be harmonised across areas, and this expectation keeps growing every year.

The NPS (Net Promoter Score) of Delfi Meedia readers, i.e. how likely they would be to recommend the media product to their loved ones, was 52 in 2022 (2021: 57.5).

Measuring customer satisfaction helps to set goals

Ekspress Grupp's companies manage the entire chain of creating a complete customer experience, which includes content creation, print quality, channel availability, and customer service. Feedback is collected by all group companies in direct contact with the customer in order to offer products/services that meet customers' requirements and expectations in the future.

- **Content.** Customer satisfaction with all paid content is monitored at Delfi Meedia
- **Service.** Delfi Meedia is the company with the largest number of publications at the Group, which comes into contact with customers at different stages and collects feedback on the content of publications as well as ordering, service process, the technical side of the digital environment and the home delivery of the paper.
- **Distribution.** The goal of Express Post is to deliver publications to customers on time, and the goal is to keep the rate of delays or complaints below 1% of the total home delivery circulation of Ekspress Grupp publications. In 2022, the result was 1.14% (2021: 0.52%).

Customer rights and wellbeing

We have increased the involvement of various stakeholder groups in the information space by creating customer-friendly and attractive digital solutions. Accessibility, which also takes into account the requirements of people with special needs, is also important for the involvement of all interest groups.

The companies of Ekspress Grupp manage large customer databases, and as an increasingly complex online media group, recognise risks related to data protection.

ESG strategy	
Promise	➢ We ensure the security and privacy of our users/customers/readers and work to make our media content and services accessible to all stakeholders.
Target	➢ Zero violations of personal data protection. ➢ All our media content is accessible, taking into account the requirements of people with special needs.
Strategic activities	➢ We ensure the protection and privacy of subscribers' and customers' data and use data in accordance with the law. ➢ We ensure the protection of the rights and well-being of readers/subscribers. ➢ We develop the availability of media content on all platforms.

View/current situation for 2022

Benchmark	2022	Target for 2025
Number of violations of personal data protection	0	0
Percentage of content covered by accessibility measures from the whole media content	70-90%*	100%

** Not all media publications of Ekspress Grupp have assessed the percentage of content covered by accessibility measures. The range describes the percentage of the content available in Delfi Estonia, Delfi Latvia and Delfi Lithuania. For possibilities to access services of various media houses, see chapter "Access to services".*

Data protection

In the global advertising market, compliance with data protection rules has become very important. Ekspress Grupp monitors market trends and change of regulations actively in order to assess emerging trends in this sector.

The Group has written down the principles and processes for the secure collection, storage and processing of customer data and protection against malicious attacks, which are implemented by all of Group companies. Data protection conditions can be found on the website of each company.

In 2022, Delfi Meedia audited its compliance with the general regulation on protection of personal data (GDPR) in order to identify problem areas and ensure maximum transparency in the terms of use of personal data.
The problems identified in the audit will be resolved by the end of 2023.

Customer wellbeing

In the case of media content, the main goal of Ekspress Grupp is to support openness and participatory democracy and to deal with topics of significant social impact. At the same time, Ekspress Grupp's media outlets are responsible for ensuring that the public information space is designed responsibly and that content that may harm the physical or mental health of readers is either prohibited or displayed with certain restrictions. In the case of advertising content restrictions, we adhere to the advertising law of Estonia, Latvia and Lithuania.

In 2022, the war in Ukraine raised the question how to bring war news to the readers and to which degree.

"We have a clear agreement in our media organisations to cover the war regardless of whether readers may at some point develop a so-called war fatigue."

Mari-Liis Rüütsalu, CEO of Ekspress Grupp

"Acting on the request of advertisers, we reduced the number of photos in the live blog on war. After closing the live blog we decided to publish photos of war atrocities if they have a meaning – for instance, if they show the real face of war criminals or remind us what we should be prepared for. We add to certain photos a sign that the image may be violent and is not recommended for people younger than 18 years of age. At the same time we do not avoid publication of disturbing images since the people have the right to know what Putin's army is doing in Ukraine."

Filips Lastovskis, Editor-in-Chief of Delfi Latvia

It is the first experience for our generation to cover a war so extensively and 24/7. During the last year, war atrocities and the availability of photo and video images have shifted the boundaries of the visual media language. Various issues have emerged such as whether images of war victims should be published and how to talk about children in the context of war.

"We need a new sectorwide debate on how to cover the war, how the boundaries of good taste have shifted and what warnings should be displayed under war news."

Argo Virkebau, Chairman of the Management Board of Delfi Meedia

Accessibility of services

Ekspress Grupp ensures access to services in three ways.

1. **Digital solutions:** we facilitate the availability of services by creating innovative digital solutions. For more details see chapter "Digital media company".

In March 2022, the real estate portal Kinnisvara24.ee and Ekspress Grupp launched a joint web portal www.kinnisvara24.ee/ukraini. The platform is specially designed for war refugees who want to find a place to live, and those Estonians who want to advertise free accommodation for Ukrainian war refugees.

2. **Public news blogs:** We ensure that critically important content is available to everyone, including non-subscribers.

After February 24, 2022, Ekspress Grupp's periodicals made certain war news available for everyone. A live blog on war news will continue to be available for free in Delfi Meedia and Delfi Lithuania.

3. **Accessibility measures:** The Group's goal is to increase the proportion of content covered by various accessibility measures on our media platforms in order to involve as large part of the society as possible in the information space.

Delfi Meedia has gradually developed possibilities to expand access to media content. During the year, 70 percent of articles of Delfi Meedia publications were audible and from the start of 2023 this is available for all articles.
In Delfi Latvia, 90% of articles in Latvian and 80 percent of articles in Russian were audible at the end of 2022. Also, Delfi Lithuania has made 80 percent of its articles audible.

When the hostilities in Ukraine began on February 24, 2022, our editorial teams switched to the 24/7 working cycle. The war is a source of major stress for the editorial team and journalists. However, our editorial departments have experience in reporting about crises and re-organised their work swiftly and efficiently. In Estonia, Latvia and Lithuania the Group opened Russian-language portals targeted especially at Ukrainian refugees.

Employees

In order to recruit the best candidates from the labour market we need to ensure that our current employees are satisfied. This in turn depends on the salary, but also on open and engaging organisational culture, opportunities for personal development and suitable work environment that Ekspress Grupp offers its employees.

"Awareness of sustainability is growing in the whole society. As a modern employer, we must be the leader in ESG issues so that we can hire the best talent. Job applicants want assurance that we provide responsible content creation and marketing, ensure gender equality and implement measures that reduce our carbon footprint."

Argo Virkebau, Chairman of the Management Board of Delfi Meedia

Ekspress Grupp has over 1,500 employees whose dedication at work helps to fulfil the Group's mission and goals. Quality tools, a flexible work organisation and a supporting team are an important part of creating a motivating work environment. Group companies value all employees, while contributing to the training and support of successors to ensure that there a talent pool of qualified and motivated employees is available both today and in the future.

Group-wide personnel issues are mainly concern digitalisation, creation of synergy with new activity areas (sales portal for real estate and tickets, event management) and ongoing increase of efficiency of internal processes. The start of 2022 was still affected by pandemic restrictions (especially in Latvia), and the personnel issues were mainly affected by the war in Ukraine that raised the issue of employee safety and also issues of mental stress.

In 2022, the media publications of Ekspress Grupp hired journalists from Ukraine and independent journalists who had escaped from Russia.

Personal and professional development of employees

ESG strategy	
Promise	➢ We are a leading employer in the media sector in all three Baltic countries. ➢ We create conditions and actively offer opportunities for personal and professional development. We support employees in adapting to the changing media landscape, especially in developing digital competence.
Target	➢ Personal learning and development plans are drawn up for all employees.
Strategic activities	➢ We create a group-wide leadership development program. ➢ We create employee development programs/talent academies in all subsidiaries.

View/current situation for 2022

Benchmark	2022	Target for 2025
Employees who completed a training course during the year a) number b) percentage	a) 826 b) 56%	a) n/a b) n/a
The total volume of training hours completed by employees during the year	n/a	n/a
Employees who participated in regular performance or career development reviews/discussion a) number b) percentage	a) 911 b) 62%	a) - b) 100%

The scholarship named after Hans H. Luik is available to employees who wish to complete additional training that is not directly related to their field of work. Scholarships are awarded three times a year, and are mainly used to study new fields of work, as well as to visit specialist conferences abroad.

Employees who received a scholarship in 2022 by company:

- Delfi Meedia AS 20
- Delfi AS 11
- Delfi UAB 27
- Õhtuleht Kirjastus AS 36
- Hea Lugu OÜ 7
- Ekspress Grupp AS 4

Ekspress Grupp companies offer more opportunities for employees to undergo both professional training and general-interest training courses.

In addition to professional training, Delfi Meedia continued to develop the Talent Academy that had been launched in 2021. The goal of the Talent Academy is to offer monthly general-interest lectures to employees which are available to all employees of Delfi Meedia. In 2022, for example, lectures were held on issues such as life-saving first aid, sleep counselling and investments.

The employees of Delfi Latvia and D Screens SIA took part in lectures intended for all employees on information technology, financial management, time management and productivity. In the field of professional development, training courses were offered on sales, public speaking, photography and graphic design. In addition, Delfi also provided Latvian employees with language training. The focus of Delfi Latvia's personnel department in 2023 will be the preparation of development plans for all employees and the initiation of a leadership development programme to improve team management.

Delfi Lithuania and Digital Matter UAB also offered employees a course in survival training in a war situation, an extremely relevant training course in 2022.

Employee health and wellbeing

ESG strategy		
Promise	➢ We ensure a working environment that supports the health and well-being of employees, where employees can fulfil themselves.	
Target	➢ We maintain a high score for employee satisfaction (eNPS).	➢ Zero occupational health damage cases.
Strategic activities	➢ We continuously improve/enhance employee well-being and satisfaction. ➢ We ensure a healthy and safe working environment, taking into account both physical and mental health and well-being. ➢ We enable and promote work-life balance.	

Benchmark	2022	Target for 2025
Employee wellbeing		
Employer's Net Promoter Score (eNPS)	n/a*	n/a
Employee health and safety		
Working days lost due to work accidents, work-related health disorders and other health disorders a) number b) percentage	a) 130 b) n/a	0
Working days absent from work a) number b) percentage	a) 8627 b) n/a	n/a
Number of occupational accidents	8**	0
Number of work-related illnesses	0	0
Number of fatal occupational accidents	0	0
Number of attacks against journalists	2	0
Work-life balance		
Percentage of employees who took a leave for family reasons	11%	n/a
Percentage of employees on parental leave who a) returned to work b) worked in the company after a year	a) 49% b) 71%	n/a
Labour relations		
Voluntary labour turnover	10%	n/a
Number of ongoing labour disputes	1***	n/a

** In 2022, the employer's Net Promoter Score was not assessed at all Ekspress Grupp companies. During the implementation phase of the ESG strategy, we plan to standardize the methodology for assessing employee satisfaction and collect regular feedback on the working environment. The eNPS was assessed by Delfi Meedia in 2022 (eNPS: 37).*

*** Work accidents in various companies were related to falls, and in one case a dog attacked a newspaper delivery man of Express Post.*

**** There is one ongoing labour dispute in Delfi Latvia.*

Attacks against journalists

There were two attacks committed against the journalists of Delfi Latvia in 2022. In one case, members of an anti-vaccination group threatened a journalist wearing a jacket with a Delfi logo at a public event. In the second case, Aldis Gobzems, a former member of the Latvian Parliament who opposes vaccines, incited anger against Delfi employees.

The war in Ukraine also greatly affected the well-being and safety of Ekspress Grupp employees. The war raised the issue of journalists' security into a new light, including how to guarantee the security and insure journalists who are reporting from Ukraine. Security is now assessed differently, and fear is now sensed also at the local level.

"At the beginning of the war, many journalists were stressed and some even felt insecure. We conducted survival training for employees to improve their sense of security. Since the pandemic, we have been contracting a psychologist whom employees can contact."

Rasa Lukaitytė-Vnarauskienė, Editor-in-Chief of Delfi Lithuania

"There used to be special rules with regard to the press and these were followed. Today the situation has changed. A jacket with the text PRESS no longer protects journalists, and they could be attacked."

Argo Virkebau, Chairman of the Management Board of Delfi Meedia

The war in Ukraine has also affected the mental health of other employees. Several companies of Ekspress Grupp provide employees with the opportunity to anonymously contact a psychologist either in-house or through external service partners.

Employees of the Group companies in Estonia have the opportunity to use Võõras Sõber (Stranger Friend), an anonymous counselling service for both professional and personal concerns.

"Võõras Sõber has been our cooperation partner for the second year already, and we saw growing need for the service in 2022."

Tiina Paju, Head of Personnel of Delfi Meedia

"If this initiative helps even one person to resolve his or her worries, then it has been valuable."

Erik Heinsaar, Board Chairman of Õhtuleht Kirjastus

Employee satisfaction

In 2022, employee satisfaction was assessed by two media houses of Ekspress Grupp. In Delfi Latvia. the employee satisfaction rate was 82%, and the satisfaction survey conducted in Delfi Meedia showed that overall employee satisfaction and loyalty are still at a high level of 79% and 73%, respectively.

In 2022, the satisfaction surveys highlighted new challenges that form the basis for preparing next year's personnel activities. It also shows that our organisation is ready to handle challenges. The employee satisfaction survey is an important feedback mechanism and we are making necessary changes to reflect the results of the surveys.

The level of wages and equal treatment in the labour market is monitored in the Group's companies by market surveys. Each Group company designs its own system of wages, performance remuneration and benefits. This includes mapping job families and assigning them wage levels.

Benefits include monthly compensation for sports expenses, health insurance and mental health support, flexible working hours and the possibility of teleworking.

In 2022, Delfi Latvia assessed the wage levels in the organisation. It took part in Fontes Salary Survey to compare its wages with telecommunications companies that traditionally pay higher salaries. As a result, Delfi Latvia decided to raise its minimum wage to EUR 1,000. The target for the next five years is to gradually raise wages to an above-average level when compared to telecommunications companies.

Equal treatment, diversity and engagement

All Group companies employ people with different cultural backgrounds. For media companies, diversity is strategically important in creating relevant and interesting content for all readers.

"It goes without saying that the editorial team should be exceptionally diverse. Our site is accessible nationwide which means that, ideally, we have team members who are young, old, women, men, conservatives, liberals, people who want to drill for oil and those who think that drilling for oil is the worst thing in the world. This is the only way to build up an editorial team."

Martin Šmutov, Editor-in-Chief of Õhtuleht and Board member of Õhtuleht Kirjastus

ESG strategy	
Promise	➢ Equal treatment, diversity and engagement characterise all Ekspress Grupp companies and organisational culture.
Target	➢ Ekspress Grupp has no gender wage gap. ➢ To achieve compliance with the European Union directive on gender balance in business leadership.
Strategic activities	➢ We recruit and retain diverse talent. ➢ We engage employees and ensure an open organisational culture. ➢ We guarantee everyone equal opportunities for career development within the company. ➢ We pay employees equal, competitive and decent wages.

View/current situation for 2022

Benchmark	2022	Target for 2025
Gap between the average gross hourly wages of men and women (% of the wages of male salaried employees) (unadjusted wage gap)	87%	100% (0% wage gap)
Number of discrimination cases *	0	0
Percentage of female managers	31%	Compliance with the EU directive on gender balance in business leadership

Benchmark	2022		
Distribution of employees based on age and gender	Management (M/F)	Editorial team (M/F)	Other employees (M/F)
under 30	2/1	46/118	87/86
30-49 years old	35/21	139/188	168/245
over 50	1/2	52/79	99/175
Number of disabled employees	59		

** The number of cases officially registered in the company or initiated by relevant authorities.*

Equal and fair treatment of all employees is important – all Ekspress Grupp companies maintain zero tolerance against discrimination based on gender, race, language, political views, age or other minority characteristics

In the context of recruitment, we strictly follow the principles of equal treatment. To promote equal treatment and inclusion, all Ekspress Grupp companies ensure the most flexible working conditions and a working environment that is open and supports diversity.

The employee satisfaction survey conducted at Delfi Meedia highlighted equal treatment and engagement as new issues. Employees who are foreign nationals would like more materials and internal communication to be available in English. As a result, in 2023, Delfi Meedia will organize translation of documents on work organisation and educational materials to ensure that all employees are treated equally.

ENVIRONMENTAL IMPACT

Reduction of environmental impact: resource efficiency and climate impact

Although the environmental impact of the media sector is rather small, climate and environmental impact management is inevitable for a sustainable and responsible company. Climate change is becoming one of the most important sustainability themes across sectors.

ESG strategy		
Promise	➢ We consistently reduce the climate impact of both the organisation and services/products. We improve the resource efficiency of our operations and products.	
Target	➢ Ekspress Grupp's digital companies will reduce the climate impact across value chains in accordance with the Paris Agreement by 2030 and achieve climate neutrality by 2050.	➢ Delfi Meedia will reduce the climate impact across value chains by 80% by 2030 compared to 2020.
Strategic activities	➢ We establish a group-wide environmental management and reporting system. ➢ We improve resource efficiency and reduce the direct climate impact of all companies. ➢ We consistently reduce the impact intensity of digital products. ➢ We consistently reduce the environmental impact of printed publications.	

View/current situation for 2022

Benchmark	2022	Target for 2025
Greenhouse gas emissions	n/a*	Net emission in digital periodicals: 0 Net emission in Delfi Meedia: 80% reduction as compared to 2020.
Percentage of printed materials unsold in retail	47%	n/a

** The entire footprint of Ekspress Grupp has not yet been assessed. In 2022, a carbon footprint was estimated by Delfi Lithuania (see results below). Earlier also Delfi Meedia has drawn up a climate impact analysis (footprint for 2020).*

The importance of the carbon footprint is growing and requires a more comprehensive approach to the topic. As we are a media group, the largest part of our environmental impact is related to the value chain of our paper publications (for more details see chapter "Supply chain sustainability").

"The green revolution will take place by transforming the business model, i.e. the digital transformation."

Argo Virkebau, Chairman of the Management Board of Delfi Meedia

Three areas of the green revolution of Delfi Meedia:

1. **Green content.** The actual power of periodicals to create real environmental changes lies within their content. Delfi Meedia and Ekspress Grupp on a wider scale wish to become a spokesperson for green topics (for more details see chapter “Independent and influential media”.)
2. **Digital transformation.** Digitalisation is important in reducing the environmental impact related to paper products and reducing the footprint of digital products;
3. **Green office.** Constant monitoring of the environmental impact of the office and its reduction will lead to cost savings, sustainable use of natural resources and reduction of waste generation.

In 2021, Delfi Meedia was the first company in Ekspress Grupp to measure the carbon footprint of the organisation across the value chain and set a goal to reduce the greenhouse gas footprint by 50% by 2026 compared to the impact in 2020. In the new ESG strategy, the new target is to reduce the footprint by 80% by 2030. In 2023, Delfi Meedia plans to measure the footprint across the value chain again to check whether the company is fulfilling its plans.

Delfi Lithuania started a journey to reduce CO2 emissions in 2022 in order to contribute to climate change mitigation. In 2022, we calculated our CO2 emissions across the value chain.

- Impact area (scope) 1: 0 tCO2-eq
- Impact area (scope) 2: 105.26 tCO2-eq
- Impact area (scope) 3: 628.023 tCO2-eq

Delfi's greenhouse gas (GHS) accounting complies with international standards, including ISO 14064, ISO 14040 and GHG Protocol – Corporate Standard (WBCSD and WRI, 2004).

Delfi Lithuania decided to offset the emissions by partnering with the organisation Planet Positive, which helped to find compensation options within Lithuania.

The next step is to set a 2023 emissions reduction target and create an action plan for achieving it. In the long term, Delfi Lithuania aims to become the first carbon neutral media organisation in Lithuania.

It is important for Ekspress Grupp's digital outdoor advertising companies to invest in more energy-efficient digital screens in order to reduce costs and contribute to environmental protection, as well as to achieve a competitive advantage. Linna Ekraanid plans to assess the difference in the environmental impact of digital outdoor advertising and paper posters in 2023.

"Environmental conservation is very important for advertisers, especially large customers. For this, we need to prove that we are better than old school competitors."

Mihkel Luks, CEO of Linna Ekraanid

Since the footprint of many digital companies of Ekspress Grupp is not large, the main focus is on reducing the environmental impact of office operations. This not only reduces direct environmental impact, but the aim is to train employees to think more sustainably both at work and at home.

Taxonomy Regulation of the European Union

As a large listed company, Ekspress Grupp is required to assess its contribution to climate change mitigation and adaptation to climate change in accordance with the Taxonomy Regulation (for more details see chapter "Reporting of the European Union Taxonomy Regulation").

Since the footprint of the media sector is small compared to other sectors, the criteria of the Taxonomy Regulation are not so central to the core business of the Group. In order to reduce our environmental impact, we are focusing on reduction of the impact of our core activities. We are trying to make a positive contribution to the climate goals through the editorial activities of the group's media publications (for more details see the chapter "Independent and influential media").

MANAGEMENT

Honest and responsible management

Ethical business practices have always been an integral part of Ekspress Grupp's business operations. Our goal is to maintain a transparent business environment and to carry out our activities responsibly and ethically – this is the basis of the trust of the parties related to the group and the general public.

ESG strategy	
Promise	➢ Group companies must be managed honestly, in compliance with the law and ethically.
Target	➢ Zero cases of corruption or violation of business ethics related to Group companies or employees.
Strategic activities	➢ We implement Ekspress Grupp's code of conduct in all Group companies.

View/current situation for 2022

Benchmark	2022	Target for 2025
Number of corruption cases involving Group companies or employees	0	0
Number of violations of competition rules involving Group companies	0	0
Sanctions or fines related to violations of laws or other regulations a) number b) amount	a) 3 b) 11 706 EUR*	0
The total amount of expenses related to lobbying or advocacy	10 900 EUR	n/a
Membership fees of professional or advocacy organizations	9 595 EUR	n/a
Average number of days to pay an invoice	14.7	n/a

** Delfi Latvia was fined EUR 220 for copyright infringement of a photo and EUR 1,468 in connection with the labour dispute. D Screens SIA was fined EUR 10,000 for not signing the contract after winning the auction.*

Ekspress Grupp has a zero tolerance policy for any kind of corruption. Corruption or the giving and accepting of bribes in both private and public sector is unacceptable. Therefore, our employees will not give, demand, receive or accept gifts, payments, services or other benefits from a current or potential business partner if the gift, payment, service or other benefit can reasonably be expected to influence the decision and goes beyond the limits of normal hospitality. We also do not tolerate illegal payments, bribes or favours aimed at speeding up decision-making in public authorities.

Every employee must apply our principles of business ethics and guidelines for business communication inside and outside the company as laid down in Ekspress Grupp's code of conduct. The code of conduct applies to all employees of AS Ekspress Grupp and its subsidiaries, joint ventures and affiliates, regardless of their position in the organisation and the nature of their employment. The code of conduct does not replace the journalism code of ethics, but complements it.

Incidents that are in conflict with the principles of business ethics or other values of Ekspress Grupp can be reported through the group-wide anonymous channel.

Supply chain sustainability

An important part of our (environmental) impact comes from our value chain. To manage this impact, we must consciously choose our suppliers, service providers and conduct active discussion with our partners to influence them to make more sustainable and responsible choices.

ESG strategy	
Promise	➢ We require our suppliers to be aligned with our sustainability ambitions and values and follow the same ESG practices. ➢ We take into account the environmental impact when purchasing products and services, if it is relevant and possible.
Target	➢ All our key suppliers comply with ESG requirements.
Strategic activities	➢ We engage high-risk suppliers in meeting our sustainability ambitions. ➢ We prefer environmentally-friendly products and services.

View/current situation for 2022

Benchmark	2022	Target for 2025
Percentage of suppliers that comply with ESG requirements	n/a	100% (key suppliers)
Proportion of paper that is of sustainable origin, recycled and/or certified	12%*	n/a

** The metric shows the percentage of sustainable paper in Delfi Meedia's publications.*

In order to reduce the environmental impact of the supply chain, Ekspress Grupp implements the following measures in its periodicals:

1. **Optimizing print volumes:** When forecasting sales numbers, Group companies try to optimize editions of publications in order to avoid overprinting of the volume designated for retail sale.
2. **Environmentally-friendly printing service:** Ekspress Grupp uses the printing service of two printing houses, Printall and Kroonpress. Both printing houses have an environmental policy in place, an ISO 14001 certificate and FSC® and PEFC™ certificates for the use of paper from sustainably managed forests, as well as the Nordic swan label and European Union ecolabel licenses
3. **Choice of paper:** Printall, the Group's printing service partner, uses paper produced from paper waste, which is not suitable to be used for producing construction wood, but instead of being used as fuel, it allows to create more added value through the use of paper products.
4. **Waste:** According to the printing service provider, about 20% of the paper in production is inevitably used for cutting and setting, and savings can be found for the remaining 80%. 98% of all waste is recycled. Afterburners for drying residues from printing machines help to reduce air pollution.

To save costs in 2022, the print volumes of all print periodicals of Ekspress Grupp as well as the number of newspapers and magazines printed for stock were reduced. Among other things, these activities led to a reduction in the environmental impact of both printing and transportation.

The supply of paper was limited in 2022. In the past, Ekspress Grupp's printing service providers have primarily used paper purchased from the Nordic countries or Russia. After the escalation of Russian aggression in Ukraine, printing houses reduced their dependence on Russian paper, which directly affected the availability of paper for the companies of Ekspress Grupp.

"Against the background of the war in Ukraine we ran out of paper and had absolutely no choice. We hope that there will be several possible supply sources next year so that we can buy paper with the smallest environmental footprint."

Argo Virkebau, Chairman of the Management Board of Delfi Meedia

REPORTING ACCORDING TO THE EU TAXONOMY REGULATION

EU Taxonomy reporting

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 requires that large listed companies such as AS Ekspress Grupp disclose three taxonomy performance indicators:

- proportion of turnover from products or services associated with taxonomy-aligned economic activities,
- proportion of capital expenditures (CapEx) from products or services associated with taxonomy-aligned economic activities,
- proportion of operational expenditures (OpEx) from products or services associated with taxonomy-aligned economic activities.

Taxonomy-related activities of AS Ekspress Grupp*:

Economic activity	Turnover			CapEx			OpEx		
	NACE code	absolute turnover (th EUR)	Proportion of turnover %	NACE code	absolute CapEx (th EUR)	Proportion of CapEx %	NACE code	absolute OpEx (th EUR)	Proportion of OpEx %
A. TAXONOMY-ELIGIBLE ACTIVITIES									
A.1. Environmentally sustainable activities (taxonomy-aligned)	**-**	**0**	**0.0%**	**-**	**0**	**0.0%**	**-**	**0**	**0.0%**
A.2. Taxonomy-eligible but not environmentally sustainable activities (not taxonomy-aligned activities)									
6.6. Freight transport services by road	H53.1.0	1 200	1.9%	-	0	0.0%	-	0	0.0%
13.1. Creative, arts and entertainment activities	R90	583	0.9%	-	0	0.0%	-	0	0.0%
A.2. Taxonomy-eligible but not environmentally sustainable activities (not taxonomy-aligned activities) total		**1 783**	**2.8%**		**0**	**0.0%**		**0**	**0.0%**
TOTAL (A.1 + A.2)		**1 783**	**2.8%**		**0**	**0.0%**		**0**	**0.0%**
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES									
Taxonomy-non-eligible activities (B)		62 358	97.2%		6 177	100.0%		0	0.0%
TOTAL (A + B)		**64 141**	**100.0%**		**6 177**	**100.0%**		**0**	**0.0%**

* The Group does not have turnover, CapEx and OpEx from products or services associated with taxonomy-aligned economic activities (see subsection "Assessment of compliance with the Taxonomy Regulation)".

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

[2] 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.

Accounting policy

Performance indicator related to turnover

Denominator includes sales revenue generated in the course of the Group's business activities and recorded in accordance with the International Accounting Standard IAS 1 (section 82 point a). The main activity of the Group is the production of online media content and publishing of newspapers, magazines and books. The Group also manages an electronic ticket sales platform and ticket sales points and offers outdoor advertising service in Estonia and Latvia. The importance of organisation of entertainment events and thematic conferences in the Group's business activities is also growing. The main activities of the Group are supported by information technology development, audio-visual production solutions, rental of advertising space and home delivery of paper publications. The numerator includes the Group's sales revenues which correspond to the descriptions of the activities outlined in the Taxonomy Climate Act.

In order to avoid double accounting of key performance indicators associated with sales revenue, each category of sales revenue was looked at separately. In addition, cross-group transactions were mapped.

Performance indicator related to CapEx

Denominator includes the Group's investments in 2022. In the reporting year, the Group invested in property, plant and equipment and intangible assets and recognised new lease agreements according to IFRS 16. The Group excluded the activities with no sales revenue from the taxonomy-eligible activities. In addition, the Group has no capital expenditure related to the activities generating sales revenue, which correspond to the taxonomy-eligible activities. Therefore, the Group has no capital expenditure related to the taxonomy-eligible activities to include in the numerator, and the Group reports all capital expenditures as taxonomy-non-eligible activities.

Performance indicator related to OpEx

According to the Taxonomy Regulation, the denominator of operating expenditures must include direct non-capitalised costs associated with research and development, building renovation measures, short-term rent, maintenance and repair, and all other direct costs related to the daily servicing of the property, plant and equipment by the company or by a third party to whom the operation has been transferred, and which are necessary to ensure the continued and efficient operation of such asset.

The Group excluded the activities with no sales revenue from the taxonomy-eligible activities. Also, the Group has no operating expenditures that are within the meaning of the Taxonomy Regulation, which are associated to activities related to sales revenue that correspond to the taxonomy-eligible activity. Therefore, the Group has no operating expenditures within the meaning of the Taxonomy Regulation.

Assessment of compliance with the Taxonomy Regulation

For the calculation of performance indicators, Ekspress Grupp assessed which activities of the Group are taxonomy-eligible activities. The Group used NACE codes of the activities listed in the climate act and the descriptions of the activities. The activities with no sales revenue were excluded from the taxonomy-eligible activities.

According to the Taxonomy Regulation, activities that contribute to climate goals are divided into three: low-emission activities, supporting activities, and transitional activities. According to the explanations of the climate act, we considered only activities supporting the adaptation goal to be considered for the purpose of adapting to the climate impact.

Among the activities related to the Group’s sales revenue, two economic activities are taxonomy-eligible activities:

- Home delivery of periodicals, which corresponds to the activity outlined in the climate act 6.6. Freight transport services by road (NACE H53.1.0) and which can be either a low-emission activity or a transition activity according to the Climate Act.
- Organisation of events that corresponds to the activity outlined in the climate act 13.1 Creative, arts and entertainment activities (NACE R90), which is an activity supporting adaptation to climate change according to the Climate Act.

Of the taxonomy-eligible activities, Ekspress Grupp is also engaged in intra-group data processing and web hosting, which corresponds to the activity outlined in the climate act 8.1. Data processing, hosting and related activities (NACE J63.11), but does not provide services to external customers. Therefore, Ekspress Grupp has no turnover within the meaning of the Taxonomy Regulation and the Group excluded this activity from the taxonomy-eligible activities.

According to the Taxonomy Regulation, an activity can be considered environmentally sustainable if it

- significantly contributes to the achievement of one or more environmental goals;
- does not cause significant damage to any other environmental objective
- operates with minimal safeguards
- meets the technical screening criteria

Technical screening criteria

The Climate Act of the Taxonomy Regulation adopted technical screening criteria which

- establish the requirements on the basis of which economic activity is classified as significantly contributing to a climate goal, and
- ensure that economic activity does not cause significant harm to any other environmental objectives

Home delivery of periodicals

Home delivery service is provided with N1 category vehicles. As the cars used for home delivery are not electric, the activity does not meet the technical screening criterion of the Climate Act, according to which direct (tailpipe) CO_2 emissions of N1 vehicles must be equal to zero.

The activity can be considered a transitional activity if the activity meets other technical screening criteria, including the requirements for avoiding significant harm.

In the case of the home delivery of periodicals, not all criteria regarding significant harm are met. The assessment of physical climate risks, which is a technical screening criterion for avoiding significant harm related to the climate change adaptation goal, has not been carried out. Therefore, in the Group's opinion, the activity cannot be considered a taxonomy-aligned activity.

Event management

Sales revenue related to an activity contributing to the achievement of the climate change adaptation objective can be considered a taxonomy-aligned activity if the activity is classified as a supporting activity. The organisation of events can be considered an activity supporting adaptation to climate change if the activity meets the following technical screening criteria:

"On the basis of data on current and future climate risks, including uncertainty assessment and reliable data, the company demonstrates that the activity ensures the achievement or promotion of the use of a technology, product, service, information or practice that has one of the following main objectives:

- (a) increase the resilience of other people, nature, cultural heritage, assets and other economic activities to physical climate risks;
- (b) contribute to adaptation efforts that take into account other people, nature, cultural heritage, assets and other economic activities."

Ekspress Grupp estimates that the corresponding technical screening criterion has not been met since the events organised in 2022 did not focus directly on the topic of climate change adaptation. Technical screening criteria for avoiding significant harm have not been established for the activity.

Minimum safeguards

Ekspress Grupp evaluated minimum safeguards criteria of the Taxonomy Regulation on the basis of Article 18 of the Taxonomy Regulation and the report *Final Report on Minimum Safeguards* of the Platform on Sustainable Finance, European Commission advisory expert group.[1] According to the guidelines of the expert group, the company must have minimum protective measures in four areas:

- Human rights, including workers' rights

[1] https://finance.ec.europa.eu/system/files/2022-10/221011-sustainable-finance-platform-finance-report-minimum-safeguards_en.pdf

- Avoiding corruption and bribery
- Honest tax behaviour
- Fair competition

Minimum safeguards mean compliance with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights. With its ESG strategy, Ekspress Grupp confirms that the Group follows the abovementioned guidelines and principles in all of its activities. The respective business ethics principles have also been laid down in the code of conduct of Ekspress Grupp. The purpose of implementing the ESG strategy is, inter alia, to launch implementation of the due diligence process.

Contextual information

Sales revenues:

- Activity 6.6. Freight transport services by road (NACE H53.1.0) – the Group provides the service of home delivery of periodicals to a joint venture. The quantitative distribution of the numerator is shown in the table "Taxonomy-related activities of AS Ekspress Grupp" on page 64.
- Activity 13.1 Creative, arts and entertainment activities (NACE R90) – the Group organises entertainment events. The numerator includes income from ticket sales and other income related to entertainment activities, except for income from advertising sales. Income from organisation of conferences and seminars is also excluded from this activity. The quantitative distribution of the numerator is shown in the table "Taxonomy-related activities of AS Ekspress Grupp" on page 64.

Capital and operating costs – the Group has no costs that are included in the numerator.

CORPORATE GOVERNANCE REPORT

CORPORATE GOVERANCE AND STRUCTURE

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

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.

In 2022, Ekspress Grupp received 13 reports through the whistleblowing channel, all of which came from Latvia. In no case was an investigation started, because it was not a violation of Ekspress Grupp's code of conduct, operating principles, or rules stipulated in legislation. In three cases, the appeal did not concern any of the Droup's companies, while the rest of the appeals were related to Latvian Delfi, but concerned daily service provision. Such appeals were forwarded to Latvian Delf for reply.

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 Grupp and the senior management teams of subsidiaries to ensure transparency in case of major transactions, changes and decisions.

Law-abiding and independent management

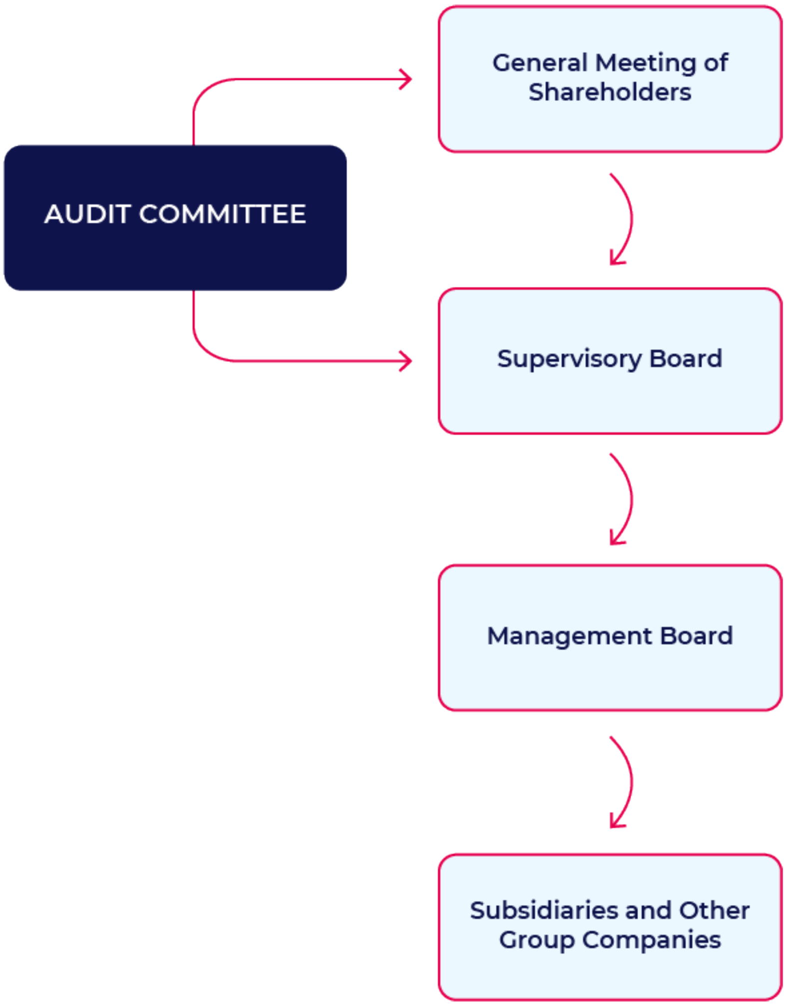
In 2022, neither Ekspress Grupp's companies nor any of the Group's key employees supported any political parties nor received hidden funds from political parties or government agencies other than advertising space purchased at market conditions, project-based funding distributed through government crisis measures or publicly available for all those applying for it.

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.

Corporate Governance structure



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

GROUP'S LEGAL STRUCTURE

As of 31 December 2022, the Group consists of 23 companies (31.12.2021: 21). A detailed list of group companies is disclosed in Note 1 to the financial statements.

Changes in the Group's legal structure

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 was registered on 19 April 2022.

On 2 March 2022, AS Ekspress Grupp, AS Postimees Grupp and AS Eesti Post entered into a share purchase and sale agreement, whereby AS Eesti Post would have acquired a 100% ownership interest in AS Express Post. The transaction was subject to an approval of the Competition Authority. The latter issued a negative resolution on 5 October 2022, due to which the share purchase and sale transaction will not take effect and the structure of shareholders of AS Express Post will not change. Additional information is provided in Note 32.

On 31 May 2022, UAB Delfi, 100% subsidiary of AS Ekspress Grupp, entered into the contract for the acquisition of the business activities of the news agency ELTA in Lithuania. The acquisition of operations of news agency ELTA is an organic step in our strategy. The main goal of this deal is to strengthen and modernize a news agency with a hundred-year experience so that it becomes a modern, competitive, and objective source of journalism for the Lithuanian media and foreign channels.

On 16 June 2022, AS Ekspress Grupp’s 100% subsidiary Geenius Meedia OÜ and OÜ RMP Eesti signed an agreement to aquire the business activities of the RMP.ee portal in Estonia. The merger of RMP to Geenius products increases the amount of information offered to the business user and is an important addition to the content of Ärigeenius and DigiPRO. Organizing of trainings and conferences forms an important part of RMP's activities. Together with the RMP team, Geenius Meedia plans to expand the training activities to the other topics. The acquisition of operations of RMP.ee portal is an organic step in our strategy.

On 28 July 2022, OÜ Ekspress Finants signed a demerger contract, according to which OÜ Ekspress Finants was divided by way of separation. During the demerger, a new company Vaheekspress OÜ was set up, which will become a wholly-owned subsidiary of AS Ekspress Grupp with the share capital of EUR 2500. The demerger was finalised and Vaheekspress OÜ was registered as of 14 October 2022.

On 28 July 2022, the sole shareholder of OÜ Babahh Media, AS Ekspress Grupp, adopted a decision to terminate the operations of OÜ Babahh Media and launch liquidation proceedings.

On 27 October 2022, Vaheekspress OÜ and Geenius Meedia OÜ concluded a merger agreement for the purpose of simplifying the Group's structure and based on the terms of the loan agreement of AS SEB Pank. The merger was registered on 22 December 2022.

On 9 December 2022, UAB Satyre, 100% subsidiary of AS Ekspress Grupp, entered into the contract for the acquisition of 100% of shares in the media company UAB Lrytas from UAB “Lietuvos rytas”. UAB Lrytas operates one of the most popular local news portal, lrytas.lt in Lithuania. Online portal was founded in 2006. News portal has a strong and independent editorial team, producing its own online content. The acquisition of UAB Lrytas is an organic step in our strategy. The main goal of this deal is to grow the digital media business. Ekspress Grupp acquires the online portal but keeps very close cooperation with Lietuvos rytas newspaper. The shared goal of Lrytas and Ekspress Grupp is to continue offering attractive and independent content for its readers. After the transaction, UAB Lrytas will continue to operate as a separate media 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. Extraordinary general meetings are allowed to be convened in cases prescribed by law.

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 § 299[1] 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.

The regular General Meeting of Shareholders of AS Ekspress Grupp was held on 2 May 2022 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:

- Approved the 2021 annual report of AS Ekspress Grupp.
- Approved the Profit Distribution Proposal for 2021 to distribute total EUR 2.24 million as follows: to increase statutory reserve by EUR 0.11 million and to pay dividends 8 (eight) euro cents per share in total amount of EUR 2.43 million, of which EUR 2.13 million is distributed from the 2021 profit and EUR 0.29 million distributed from the retained earnings.
- Decided to approve the share buyback program of AS Ekspress Grupp's own shares under the following terms:
    - AS Ekspress Grupp shall have the right to buy back a maximum of 2 500 000 own shares whereby the total amount of the nominal value of the treasury shares owned by the company may not exceed 1/10 of its share capital.
    - AS Ekspress Grupp shall have the right to buy back its own shares in one or multiple transactions via buyback offer(s) targeted at all shareholders within 12 months from the date of adoption of this decision.
    - The minimum amount to be paid for its own shares shall be EUR 0.60 per share and the maximum amount per share shall be the closing price on the Nasdaq Tallinn Stock Exchange plus 20% but not more than EUR 1.90 per share at the trading day preceding the announcement of each respective buyback. The total amount payable for the shares to be bought back pursuant to this decision shall be up to EUR 1 million at most. The acquisition of the shares may not lead to a reduction in net assets below the total amount of share capital and reserves, the payment of which to the shareholders is not be permitted under law or the articles of association.
    - The purpose of the share buyback is to use the attractive market conditions in order to create value for the shareholders. The shares bought back will thereafter be cancelled or used for other purposes (e.g. sale or use of shares for the option program).
- Recalled Mr. Aleksandras Česnavičius from the Supervisory Board.
- Decided to remunerate Priit Rohumaa, the Chairman of the Supervisory Board, as follows: current monthly remuneration of EUR 1000 (gross) to be increased to EUR 3000 (gross) per month.
- Approved the Remuneration Policy for the Executive Management of AS Ekspress Grupp.
- Elected Triin Hertmann as the Member of the Supervisory Board for the five years until 2 May 2027.
- Decided to remunerate Triin Hertmann as follows: a monthly remuneration of 1,350 euros (gross) to be paid.

In August 2022, The Management Board of AS Ekspress Grupp proposed to the shareholders to adopt resolutions without convening a general meeting in accordance to § 299[1] of the Commercial Code. The notice of adoption of resolutions was published on 9 August 2022 in the stock exchange information system and on the company's homepage, as well as in the 10 August 2022 issue of newspaper Eesti Päevaleht.

On 31 August 2022, the shareholders of AS Ekspress Grupp adopted the following resolutions:

- Recall of Indrek Kasela from the Supervisory Board
- Election of Sami Jussi Petteri Seppänen as the member of the Supervisory Board for the five years until 31 August 2027.
- Remuneration of Sami Jussi Petteri Seppänen as follows: a monthly remuneration of 1,350 euros (gross) to be paid.

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, organise the management of the company and supervise 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 2 May 2022, Triin Hertmann was elected as a new member of the Supervisory Board and on 31. August 2022, Sami Jussi Petteri Seppänen was elected as a new member of the Supervisory Board. The Supervisory Board of Ekspress Grupp has four members.

In 2022, the Supervisory Board adopted nine decisions without convening a meeting (either as a written decision or by voting by e-mail). On five occasions, the Supervisory Board convened for discussions and decision-making in a physical meeting. Aleksandras Česnavičius and Indrek Kasela were not attended one of these. All other members of the Supervisory Board attended all meetings.

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
- Supervisory Board member of Tallinna Vesi AS, Admirals Group AS and SA Tallinna Tehnikaülikooli Arengufond
- Management Board member of several companies and funds
- 1998 Tallinn Technical University, Power Engineering, Master degree and 2004 Estonian Business School, MBA
- Number of shares of AS Ekspress Grupp: -

Hans H. Luik

(appointed until 20.05.2024)

- Founder and major owner of Ekspress Grupp, member of the Supervisory Board and Audit Committee, in the Supervisory Board since 01.06.2004 (appointed until 20.05.2024)
- Supervisory Board member of AS Aktiva Portfolio, AS Printall and SA Oivaline Ajakirjandus
- Active on the Management Boards in several companies
- Graduated from the University of Tartu in 1984 with a degree in journalism
- Number of shares of AS Ekspress Grupp: 22 552 672 (73.23%).

Triin Hertmann

(appointed until 02.05.2027) – independent Supervisory Board member

- Member of the Supervisory Board since 02.05.2022
- Grünfin AS, co-founder and member of the management board
- Angel and fund investor in various companies
- Obtained a master's degree in organizational behavior at Tallinn University in 2013
- Graduated with Cum Laude from Tallinn University of Technology in 2003 – financial management and international business administration
- Number of shares of AS Ekspress Grupp: -

Sami Seppänen

(appointed until 31.08.2027) – independent Supervisory Board member

- Member of the Supervisory Board since 31.08.2022
- Supervisory Board member of AS Eesti Golfikeskus
- Long term CEO of Elisa Eesti AS (1999–2021)
- Obtained a master's degree in Industrial Technology and Management from LUT University
- Number of shares of AS Ekspress Grupp: -

In 2022, two members left the Supervisory Board of AS Ekspress Grupp: Aleksandras Česnavičius who was member of the Supervisory Board since 26 October 2016, was recalled from the position of the member of the Supervisory Board on 2 May 2022 and Indrek Kasela, who was member of the Supervisory Board since 30 June 2014, was recalled from the position of the member of the Supervisory Board on 31 August 2022.

Supervisory board and committee's remuneration

Based on the decision of the annual general meeting of shareholders held on 2 May 2022, Priit Rohumaa (Chairman of supervisory board) is entitled to a monthly remuneration of EUR 3 000 (in 2022 annual remuneration of EUR 28 000; in 2021 EUR 12 000) and Triin Hertmann (Member of supervisory board) is entitled to a monthly remuneration of EUR 1 350 (in 2022 annual remuneration of EUR 10 800). Based on the decision of the annual general meeting of shareholders held on 31 August 2022, Sami Jussi Petteri Seppänenile (Member of supervisory board) is entitled to a monthly remuneration of EUR 1 350 (in 2022 annual remuneration of EUR 5 400). Hans H. Luik (Members of the Supervisory Board) do not receive any remuneration. No other fees are paid to Priit Rohumaa and Hans H. Luik for the participation in the work of Audit Committee.

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 three 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 until 2 February 2023.

Mari-Liis Rüütsalu (appointed until 31.12.2025)

- Chairman of the Management Board and Chief Executive Officer of the Group since 01.01.2017.
- 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 02.02.2023)

- Member of the Management Board since 18.12.2017, Development Director of the Group
- Member of the board of the Estonian Business Angles Association 2017-2020.
- 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, 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: 38 140

Kaspar Hanni, the development director and member of the Management Board of AS Ekspress Grupp, left the company at his own request on February 2, 2023. Kaspar Hanni has been working as Group development director and member of the Management Board since December 2017. The Group's Management Board will continue with two members: Mari-Liis Rüütsalu (Chairman of the Board) and Signe Kukin.

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 2022:

COMPANY*	SUPERVISORY BOARD	MANAGEMENT BOARD
Delfi Meedia AS *(13 958 631)*	Hans Luik (chairman), Mari-Liis Rüütsalu, Kaspar Hanni, Signe Kukin	Argo Virkebau (chairman) Urmo Soonvald, Tarvo Ulejev, Erle Laak-Sepp, Piret Põldoja
Delfi UAB *(4 782 173)*	Mari-Liis Rüütsalu (chairman), Signe Kukin, Hans Luik	Vytautas Benokraitis
SIA Biļešu Paradīze *(3 654 972)*	-	Jānis Ķuzulis (chairman), Jānis Daube
Delfi A/S (Latvia) *(4 383 922)*	Mari-Liis Rüütsalu (chairman), Kaspar Hanni, Signe Kukin	Konstantins Kuzikovs (chairman), Filips Lastovskis, Maira Meija
Digital Matter UAB *(297 840)*	-	Gediminas Blažys
Ekspress Finants OÜ *(16 471 737)*	-	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 2022 is shown in parentheses.*

Changes in the management of the Group's subsidiaries

On 24 May 2022, the Supervisory Board of OÜ Hea Lugu decided to recall Tiina Kaalepi from the Management Board as of 1 June 2022. Vallo Kalvik was elected as a member of the Management Board from the same date.

On 6 October 2022, the Supervisory Board of A/S Delfi decided to elect Filips Lastovskis and Maira Meija as the new members of the Management Board from 20th October 2022. The mandates of Ingus Bērziņš and Anatolijs Golubovs were not extended. Starting from 20 October 2022, the Management Board of A/S Delfi will be as follows: Konstantins Kuzikovs (the Chairman of the Board), Filips Lastovskis and Maira Meija.

On 19 December 2022, The Supervisory Board of AS Delfi Meedia, the subsidiary of AS Ekspress Grupp, decided to elect Sander Maasik as a new member of the Management Board from the January 1, 2023 until December 31, 2025. Sander Maasik will be responsible for the company's advertising area. Starting from January 1, 2023, the Management Board of Delfi Meedia will be as follows: Argo Virkebau (Chairman of the Board), Erle Laak-Sepp, Tarvo Ulejev, Urmo Soonvald, Piret Põldoja and Sander Maasik.

On 21 December 2022, AS Ekspress Grupp extended the mandate of Mari-Liis Rüütsalu and Signe Kukin, members of the Supervisory Board of UAB Delfi – the Lithuanian subsidiary of AS Ekspress Grupp – until December 20, 2026, and elected Hans

Luik as a new member of the Supervisory Board for the same period. The Supervisory Board of UAB Delfi will continue in the three-member composition: Mari-Liis Rüütsalu (Chairman of the Board), Signe Kukin and Hans Luik.

Due to the resignation of the member of the Management Board of AS Ekspress Grupp, Kaspar Hanni, changes will take place in the supervisory and management boards of the key subsidiaries of Ekspress Grupp. The Supervisory Board of AS Delfi Meedia has three members: Hans Luik (chairman), Mari-Liis Rüütsalu and Signe Kukin. The Management Board of OÜ Ekspress Finants has two members: Mari-Liis Rüütsalu and Signe Kukin. Hans Luik will become a member of the Supervisory Board of the Latvian subsidiary A/S Delfi and the Supervisory Board has three members: Mari-Liis Rüütsalu (chairman), Hans Luik and Signe Kukin.

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.

NOMINATION AND REMUNERATION COMMITTEE

The Supervisory Board discussed the formation of a nomination and remuneration committee, but taking into account the small size of the company and the Supervisory Board and the administrative burden inevitably associated with a more complex structure, the establishment of a separate committee was abandoned. The responsibilities of the nomination and remuneration committee (appointment and remuneration issues, self-evaluation of board members and development of good corporate governance in Ekspress Grupp) are performed by the Supervisory Board. The Supervisory Board also supports the implementation of environmental, social and governance (ESG) principles.

REMUNERATION POLICY

The remuneration policy describes 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 valid for up to four years. The remuneration policy will comply with the recommendations of the Estonian Securities Market Act (§ 135^2), Corporate Governance Recommendations (clause 2.2.7) and the provisions of the Shareholders’ Rights Directive (EU 2017/828; Art 9b). The remuneration policy is based on the long-term goals of the Group and takes into account the financial results and the legitimate interests of investors and creditors. Compliance with the remuneration policy is monitored by the Supervisory Board.

The Remuneration Policy for the Executive Management of AS Ekspress Grupp was approved at the regular General Meeting of Shareholders of AS Ekspress Grupp was held on 2 May 2022.

General principles

The mission of Ekspress Grupp is to serve democracy. In accordance with our strategy, Ekspress Grupp builds sustainable growth by being part of the opportunities presented by the digital transformation. The objective of the Group is to increase shareholder value through revenue growth and improved profitability. Ekspress Grupp is developing and expanding its media business and seeking growth opportunities in new digital media or media-related businesses. The Group’s remuneration policy is aimed at promoting the long-term financial success, competitiveness, and creating shareholder value.

The Group aims at using reasonable, well-balanced and competitive remuneration packages to attract and retain talented employees who are the key to our business.

Ekspress Grupp's remuneration

Shareholder value creation through revenue growth and improved profitability	Motivates employees and supports retention and recruitment of top talent	Promotes strategy execution and management through 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. To avoid conflicts of interest, remuneration is managed through well-defined processes, ensuring that no person is involved in the decision-making process regarding his or her own remuneration.

The remuneration policy is submitted to the AGM for adoption at least once every four years, as well as when significant changes are made to the remuneration system.

Remuneration of the Supervisory Board and Committee Members

Decision-making process

The remuneration of Supervisory Board is approved by the shareholders at the AGM. The members of the Supervisory Board or Management Board are not employed by the company.

Remuneration

The Chairman of the Supervisory Board receives remuneration. The other members of the Supervisory Board do not receive any remuneration unless the AGM decides otherwise. No other fees are paid to the Supervisory Board members or Chairman for the participation in the work of the committees.

Remuneration of the Management Board members

Decision-making process

The Supervisory Board is responsible for preparing the remuneration policy for the Management Board. To ensure that these principles are used for the intended purpose, the Supervisory Board prepares and proposes amendments to the remuneration policy. The Supervisory Board decides on the remuneration of the Management Board members and other terms and conditions of the Management Board members' contracts of employment.

The Supervisory Board may temporarily deviate from the remuneration policy in case of significant changes in the Group's structure and business operations or changes in the legislation regulating remuneration, as well as in any other case where the deviation is significant for ensuring the Group's long-term interests and continuance as a going concern.

Remuneration elements

The remuneration of the Management Board 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;
- other benefits.

Remuneration elements

Fixed salary: shall be reasonable, balanced, competitive and represent a weighty component of total compensation of the Management Board member

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

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

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

Fixed salary must be reasonable, balanced, competitive and represent a weighty component of total compensation paid to the Management Board member. The Supervisory Board may revise and change the amount of fixed salary during the term of the contract. Changes in salary are determined based on business results, changes in the Management Board member's liability, individual contribution, the general market level and the comparative data of the respective position in the market.

A short-term incentive package consists of up to 6 months basic remuneration plus 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. Annual targets are in line with the Group's strategic objectives and may include, among others, profitability, sales revenue, cash flow or performance indicators, etc. The goals and their share may vary from year to year, reflecting the Group's priorities. After the end of each year, the Supervisory Board reviews the fulfilment of the goals by the Group's Management Board and determines the extent to which each goal has been achieved in order to determine the final amount of a bonus payment. The annual bonus is paid out at the beginning of next year on the basis of audited annual results. The Group has the right to reduce the bonus payable to a member of the Management Board depending on the financial results or transactions, to suspend the bonus payment or to demand partial or full refund of the bonus already paid out if:

- general financial results of the Group have significantly deteriorated compared to the previous period;
- the Management Board member does not meet the performance criteria; or
- the bonus has been determined on the basis of data that was found to be materially inaccurate or incorrect.

Long-term incentives are based on share option programmes by granting the shares to the Management Board members. Share options are granted in accordance with valid share option programmes. Shares can be exercised after 3 years from signing of the share option agreement. Share-based remuneration promotes the alignment of interests and thus creates value for the shareholders. The three-year performance period is used as it clearly links the remuneration with the market value of the share, and ensures the implementation of the Group's digital transformation strategy.

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

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 2022 audits (including all joint ventures) is EUR 110 thousand (2021: EUR 87 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 31.12.2022, the company's insider register had 45 persons with a permanent access (31.12.2021: 48 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) 2022/1210 of 13 July 2022 laying down implementing technical standards for the application of Regulation (EU) No. 596/2014 of the European Parliament and the Council with regard to the format of insider lists and for updating insider lists.

We are not aware of any incidences of misuse of inside information and conflict of interest during the 2022 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, Osaühing Inversora, High Heat OÜ, Nutshell GP1 OÜ, Nutshell GP2 OÜ
Hans H. Luik	Alisel OÜ, Osaühing Minigert, HHL Rühm Osaühing, Osaühing Brevard, Iiruk 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
Triin Hertmann	Digital Sputnik Lighting OÜ, First Finance OÜ, Summer Capital OÜ, Upgreens OÜ
Sami Jussi Petteri Seppänen	Suvivara OÜ
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 2022 is disclosed in Note 31 to the financial statements.

DISCLOSURE OF INFORMATION

In disclosing information, AS Ekspress Grupp shall follow Estonian law, the rules and regulations of Nasdaq Tallinn Stock Exchange and guidelines of the Financial Supervision Authority of Estonia and immediately disclose important information regarding the group's activities to the shareholders after obtaining reasonable assurance as to its correctness and that the disclosure of such information shall not harm the interests of the group and its business partners. The main principles of communication with investors and the general public are stated in the group's disclosure policy.

The group discloses information about its financial condition and strategy in its financial statements, annual report and interim reports pursuant to the schedule that has been set. The disclosure dates of each next financial year will be announced before the end of the previous financial year.

AS Ekspress Grupp immediately discloses all decisions, issues and events that in the group's view may significantly change the price of the securities issued by the company and that are to be disclosed pursuant to laws and regulations. Stock exchange releases are published in Estonian and English.

Important information shall be disclosed through the stock exchange system and on the group's website. In 2022, AS Ekspress Grupp published 33 stock exchange releases through the stock exchange system:

NUMBER OF RELEASES	CONTENT OF RELEASE
9	Operating results
8	General meeting
3	New investments
3	Changes in structure and management
10	Other releases

The dates of disclosure of interim financial statements for 2023 are as follows:

DATE	EVENT
12th January 2023	Results for digital subscriptions for the 4th quarter of 2022
15th February 2023	2022 12 months and 4th quarter unaudited interim report
3rd April 2023	Audited Annual Report 2022
12th April 2023	Results for digital subscriptions for the 1st quarter of 2023
28th April 2023	2023 3 months and 1st quarter unaudited interim report
12th July 2023	Results for digital subscriptions for the 2nd quarter of 2023
28th July 2023	2023 6 months and 2nd quarter unaudited interim report
12th October 2023	Results for digital subscriptions for the 3rd quarter of 2023
31st October 2023	2023 9 months and 3rd quarter unaudited interim report

Shareholders ordinary general meeting for 2022 financial year will take place in the 2nd quarter of 2023.

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 1.3.2 of CGC *Members of the Management Board, the Chairman of the Supervisory Board and if possible, the members of the Supervisory Board and at least one of the auditors shall participate in the General Meeting.*

The members of the Supervisory Board and the auditors always receive a meeting invitation or are always invited to a meeting.

Clause 1.3.3 of CGC *Issuers shall make participation in the General Meeting possible by means of communication equipment (Internet) if the technical equipment is available and where doing so is not too cost prohibitive for the Issuer.*

In accordance with § 298^2 of the Commercial Code, shareholders are offered the opportunity to vote on the draft resolutions prepared on the items on the agenda of the general meeting by transmitting their vote electronically before the general meeting. A shareholder who has voted before the meeting is considered to be participating in the general meeting. If necessary, the decisions of the general meeting are adopted without convening the meeting in accordance with § 299^1 of the Commercial Code.

REMUNERATION REPORT

The Remuneration Policy for the Executive Management of AS Ekspress Grupp was approved at the regular General Meeting of Shareholders of AS Ekspress Grupp was held on 2 May 2022.

The remuneration policy describes 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 valid for up to four years. The remuneration policy will comply with the recommendations of the Estonian Securities Market Act (§ 135^2), Corporate Governance Recommendations (clause 2.2.7) and the provisions of the Shareholders' Rights Directive (EU 2017/828; Art 9b). The remuneration policy is based on the long-term goals of the Group and takes into account the financial results and the legitimate interests of investors and creditors. Compliance with the remuneration policy is monitored by the Supervisory Board. The policy will be guiding and steering document for approving future remuneration agreements. The remuneration policy is described in more detail in the subsections "Remuneration policy".

Financial key metrics *(continuing operations)*

(EUR thousand)	2022	2021	*change*	2020	2019	2018
Sales revenue	64 141	53 516	*20%*	44 514	44 717	37 879
EBITDA	8 891	8 240	*8%*	5 924	4 904	2 041
Number of digital subscriptions	146 608	130 731	*12%*	83 185	50 049	29 431
Total group salary cost (gross)	26 687	22 410	*19%*	19 169	18 384	15 416
Average monthly salary (gross) per employee	2.35	2.33	*1%*	2.13	2.05	1.88
Average number of employees	860	719	*20%*	674	671	621
Remuneration (gross) of Ekspress Grupp management board:						
Mari-Liis Rüütsalu - chairman of the board since 01.01.2017	210	225	*-7%*	205	144	144
Signe Kukin - chief financial officer since 01.08.2018	157	163	*-4%*	138	98	41
Kaspar Hanni - development director since 18.12.2017	109	131	*-17%*	91	72	72

Supervisory board and committee's remuneration

Based on the decision of the annual general meeting of shareholders held on 2 May 2022, Priit Rohumaa (Chairman of supervisory board) is entitled to a monthly remuneration of EUR 3 000 (in 2022 EUR 28 000; in 2021 EUR 12 000) and Triin Hertmann (Member of supervisory board) is entitled to a monthly remuneration of EUR 1 350 (in 2022 EUR 10 800). Based on the decision of the annual general meeting of shareholders held on 31 August 2022, Sami Jussi Petteri Seppänenile (Member of supervisory board) is entitled to a monthly remuneration of EUR 1 350 (in 2022 EUR 5 400). Hans H. Luik (Members of the Supervisory Board) do not receive any remuneration. No other fees are paid to Priit Rohumaa and Hans H. Luik for the participation in the work of Audit Committee.

Management board remuneration

The remuneration of Ekspress Grupp management board during 2022 (in thousand euros):

Name	Position	Fixed salary (FS)	Short-term incentive (SHI)	Portion of FS / SHI	Total remuneration
Mari-Liis Rüütsalu	CEO	166	45	79/21	210
Signe Kukin	CFO	127	31	80/20	157
Kaspar Hanni	CDO	92	17	85/15	109
Total		**385**	**92**	**81/19**	**477**

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 Rüütsalu	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 2022 included targets that were set by the supervisory board at the beginning of 2022. Payments will be made in 2023. 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 2022 is as follows:

Name	Shares not-vested 31 December 2021	New shares granted 2022	Shares vested 2022	Shares not-vested 31 December 2022
Mari-Liis Rüütsalu	53 333	0	-26 667	26 667
Signe Kukin	36 445	0	-18 222	18 222
Kaspar Hanni	26 667	0	-13 333	13 333
Total	**116 445**	**0**	**-58 222**	**58 222**

Name	Vested shares 31 December 2021	Shares awarded / exercised 2022	Shares vested 2022	Vested shares 31 December 2022
Mari-Liis Rüütsalu	26 667	0	26 667	53 333
Signe Kukin	56 362	-38 140	18 222	36 445
Kaspar Hanni	13 333	0	13 333	26 667
Total	**96 362**	**-38 140**	**58 222**	**116 445**

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 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.

Kaspar Hanni, the development director and member of the Management Board of AS Ekspress Grupp, left the company at his own request on February 2, 2023. No additional compensation was paid upon termination of Kaspar Hanni's management board contract.

CONSOLIDATED FINANCIAL STATEMENTS

Consolidated balance sheet

(EUR thousand)	31.12.2022	31.12.2021	Notes
ASSETS			
Current assets			
Cash and cash equivalents	7 448	10 962	5
Trade and other receivables	11 661	9 323	6
Corporate income tax prepayment	49	2	
Inventories	286	266	10
Total current assets	**19 444**	**20 553**	
Non-current assets			
Other receivables and investments	1 580	1 671	12
Deferred tax asset	60	42	
Investments in joint ventures	1 017	1 011	13
Investments in associates	2 279	2 210	14
Property, plant and equipment	8 736	7 964	15
Intangible assets	66 720	60 807	16
Total non-current assets	**80 392**	**73 705**	
TOTAL ASSETS	**99 836**	**94 258**	
LIABILITIES			
Current liabilities			
Borrowings	3 393	3 201	18
Trade and other payables	19 004	17 664	17
Corporate income tax payable	25	82	
Total current liabilities	**22 422**	**20 947**	
Non-current liabilities			
Long-term borrowings	21 948	19 018	18
Other long-term liabilities	43	601	
Total non-current liabilities	**21 991**	**19 619**	
TOTAL LIABILITIES	**44 413**	**40 566**	
EQUITY			
Minority interest	147	140	
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	(334)	(384)	
Reserves	2 059	1 920	29
Retained earnings	20 796	19 261	
Total capital and reserves attributable to equity holders of parent company	**55 276**	**53 552**	
TOTAL EQUITY	**55 423**	**53 692**	
TOTAL LIABILITIES AND EQUITY	**99 836**	**94 258**	

The Notes presented on pages 91 to 140 form an integral part of the consolidated financial statements.

Consolidated statement of comprehensive income

(EUR thousand)	2022	2021	Notes
Continuing operations			
Sales revenue	64 141	53 516	22
Cost of sales	(48 185)	(39 674)	23
Gross profit	**15 956**	**13 842**	
Other income	789	929	27
Marketing expenses	(2 979)	(2 359)	24
Administrative expenses	(8 823)	(7 435)	25
Other expenses	(146)	(113)	
Operating profit	**4 797**	**4 864**	
Interest income	36	35	
Interest expenses	(738)	(709)	
Other finance income/ (costs)	179	339	
Net finance cost	**(523)**	**(335)**	
Profit (loss) on shares of joint ventures	(242)	(281)	13
Profit (loss) on shares of associates	325	161	14
Profit before income tax	**4 357**	**4 409**	
Income tax expense	(302)	(276)	8
Net profit /(loss) from continuing operations	**4 055**	**4 133**	
Net profit /(loss) from discontinued operation	0	(1 876)	21
Net profit /(loss) for the reporting period	**4 055**	**2 257**	
Net profit /(loss) for the reporting period attributable to			
Equity holders of the parent company	4 048	2 243	
Minority interest	7	14	
Total comprehensive income /(loss)	**4 055**	**2 257**	
Comprehensive income for the reporting period attributable to			
Equity holders of the parent company	4 048	2 243	
Minority interest	7	14	
Earnings per share (euro) - continuing operations			
Basic earnings per share	0.1335	0.1362	29
Diluted earnings per share	0.1294	0.1316	29
Earnings per share (euro)			
Basic earnings per share	0.1335	0.0742	29
Diluted earnings per share	0.1294	0.0716	29

The Notes presented on pages 91 to 140 form an integral part of the consolidated financial statements.

Consolidated statement of changes in equity

(EUR thousand)	Attributable to equity holders of parent company							
	Share capital	Share premium	Treasury shares	Reserves	Retained earnings	Total	Minority interest	Total equity
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)
Total transactions with owners	*0*	*0*	*(175)*	*162*	*(3 171)*	*(3 184)*	*0*	*(3 184)*
Net profit /(loss) for the reporting period	0	0	0	0	2 243	2 243	14	2 257
Total comprehensive income /(loss) for the reporting period	*0*	*0*	*0*	*0*	*2 243*	*2 243*	*14*	*2 257*
Balance on 31.12.2021	**18 478**	**14 277**	**(384)**	**1 920**	**19 261**	**53 552**	**140**	**53 692**
Increase of statutory reserve capital	0	0	0	110	(110)	0	0	0
Share options	0	0	50	29	22	101	0	101
Dividends paid	0	0	0	0	(2 425)	(2 425)	0	(2 425)
Total transactions with owners	*0*	*0*	*50*	*139*	*(2 513)*	*(2 324)*	*0*	*(2 324)*
Net profit /(loss) for the reporting period	0	0	0	0	4 048	4 048	7	4 055
Total comprehensive income /(loss) for the reporting period	*0*	*0*	*0*	*0*	*4 048*	*4 048*	*7*	*4 055*
Balance on 31.12.2022	**18 478**	**14 277**	**(334)**	**2 059**	**20 796**	**55 276**	**147**	**55 423**

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

The Notes presented on pages 91 to 140 form an integral part of the consolidated financial statements.

Consolidated cash flow statement

(EUR thousand)	2022	2021	Notes
Cash flows from operating activities			
Operating profit for the reporting year	4 797	3 060	20
Adjustments for:			
Depreciation and amortisation	4 084	4 162	15,16
(Gain)/loss on sale, write-down and impairment of property, plant and equipment	29	(10)	
Change in value of share option	29	36	28
Loss on sale of discontinued operation	0	2 077	21
Cash flows from operating activities:			
Trade and other receivables	(1 939)	(1 599)	
Inventories	(9)	(33)	
Trade and other payables	2 188	1 464	
Cash generated from operations	**9 179**	**9 157**	
Income tax paid	(401)	(281)	
Interest paid	(767)	(803)	
Net cash generated from operating activities	**8 011**	**8 073**	
Cash flows from investing activities			
Acquisition of subsidiaries (less cash acquired)	(7 158)	(2 968)	
Receipts of other investments	10	51	
Cash paid-in/ received from equity-accounted investees	(474)	(357)	
Disposal of discontinued operation, net of cash disposed of	0	6 326	21
Interest received	2	3	
Purchase of property, plant and equipment and intangible assets	(3 748)	(2 786)	
Proceeds from sale of property, plant and equipment and intangible assets	66	3	
Loans granted	(30)	(212)	
Loan repayments received	86	156	
Dividends received	601	828	
Net cash used in investing activities	**(10 645)**	**1 044**	
Cash flows from financing activities			
Dividends paid	(2 425)	(3 028)	
Payment of lease liabilities	(1 751)	(1 814)	19
Loans received	4 976	2 649	
Repayments of bank loans	(1 680)	(1 785)	18
Purchases of treasury shares	0	(446)	29
Net cash used in financing activities	**(880)**	**(4 424)**	
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	**(3 514)**	**4 693**	
Cash and cash equivalents at the beginning of the year	10 962	6 269	5
Cash and cash equivalents at the end of the year	7 448	10 962	5

The Notes presented on pages 91 to 140 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: Narva mnt 13, 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 29 March 2023.

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

Company name	Status	Ownership interest 31.12.2022	Ownership interest 31.12.2021	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)					
Delfi Meedia AS	Subsidiary	100%	100%	Online media, publishing of daily and weekly newspapers (formerly named as Ekspress Meedia AS)	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%	Holding company (merged with Biļešu Paradīze SIA from April 2022)	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
Naujienų agentūra Elta UAB	Subsidiary	100%	-	News agency (acquired May 2022)	Lithuania
Sport Media UAB	Subsidiary	51%	51%	Currently dormant	Lithuania
Satyre UAB	Subsidiary	100%	-	Holding company (founded December 2022)	Lithuania
Lrytas UAB	Subsidiary	100%	-	Online media (acquired December 2022)	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	Lithuania
Digital Matter SIA	Subsidiary	100%	100%	Online advertising solutions and network	Latvia
Videotinklas UAB	Subsidiary	100%	100%	Production studio for content creation	Lithuania
Geenius Meedia OÜ	Subsidiary	100%	100%	Online media and publishing magazines	Estonia
Linna Ekraanid OÜ	Subsidiary	100%	100%	Sale of digital outdoor advertising	Estonia
Babahh Media OÜ	Subsidiary	100%	100%	Sale of video production, media and infrastructure solutions (in liquidation)	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

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.

Changes in accounting policies

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

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

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

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

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 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 2022 and have not been applied in preparing these consolidated financial statements. The group plans to adopt these pronouncements when they become effective.

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.

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.

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.

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.

Classification of liabilities as current or non-current, deferral of effective date – Amendments to IAS 1 – effective for annual periods beginning on or after 1 January 2023. This pronouncement is not yet endorsed by the EU.

The amendments to IAS 1 on classification of liabilities as current or non-current was issued in January 2020 with an original effective date 1 January 2022. However in response to the Covid-19 pandemic, the effective date was deferred by one year to provide companies with more time to implement the classification changes resulting from the amended guidance.

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

Amendments to IFRS 16 Leases: Lease Liability in a Sale and Leaseback – effective for annual periods beginning on or after 1 January 2024; to be applied retrospectively to the date when the entity initially applied IFRS 16. Early application is permitted. This pronouncement is not yet endorsed by the EU.

Amendments to IFRS 16 Leases impact how a seller-lessee accounts for variable lease payments that arise in a sale-and-leaseback transaction. The amendments introduce a new accounting model for variable payments.

The amendments confirm the following.

- On initial recognition, the seller-lessee includes variable lease payments when it measures a lease liability arising from a sale-and-leaseback transaction.
- After initial recognition, the seller-lessee applies the general requirements for subsequent accounting of the lease liability such that it recognises no gain or loss relating to the right of use it retains.

A seller-lessee may adopt different approaches that satisfy the new requirements on subsequent measurement.

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 polices:

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 (incl digital subscriptions) 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 since 2021)	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 marker, 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. A lower tax rate (14/86) applies to dividends paid regularly. If the recipient of a dividend taxed at such a lower rate is a natural person, the payer withholds 7% from the dividend payment. 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).

<u>a) Valuation of goodwill, trademarks, other intangible and tangible assets</u>

At each balance sheet date, the management carries out impairment tests for goodwill which have arisen upon acquisition of cash-generating units or companies. 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 31.12.2022 and 31.12.2021, 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.

<u>b) Estimation of useful lives of intangible assets</u>

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”, “Geenius.ee” and “Lrytas.lt”, 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 35 years. The useful lives of print media trademarks are generally estimated to be between 5-10 years.

Carrying amount of trademarks as of 31.12.2022 is EUR 11 994 thousand (31.12.2021: EUR 9 917 thousand). If useful lives of online trademarks increased or decreased by 10%, the annual amortisation charge would decrease or increase, respectively, by EUR 45/55 thousand.

<u>c) Valuation of useful lives of property, plant and equipment</u>

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 76/93 thousand, EUR 24/30 thousand and EUR 122/150 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 222/272 thousand.

<u>d) Assessment of the value of receivables</u>

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.

<u>e) Contingent consideration</u>

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 31.12.2022 the fair value of contingent consideration was 281 thousand euros, incl 244 thousand euros current and 37 thousand euros non-current liabilities and 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. In 2022, 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 209 thousand (2021: EUR 407 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.

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

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 31.12.2022, 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 31.12.2022, 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

In its daily activities, the Group has to consider various financial risks. More substantial ones include credit risk, liquidity risk, market risk (including foreign exchange risk, interest rate risk and price 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	31.12.2022	31.12.2021
SEB	Aa3	A+	1 965	7 296
Swedbank	Aa3	A+	3 185	1 298
Citadele	Baa2	-	1 520	1 082
Luminor/LHV	Baa1/Baa1	-/-	731	1 198
Total			**7 402**	**10 874**

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 or 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 Krediidiinfo 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 credit risk concentration related to accounts receivable is not material due to the extensive number of customers.

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

31.12.2022 (EUR thousand)	Due date	Overdue >= 7 days	Overdue >7 days and <=60 days	Overdue > 60 days	Total receivables
Trade receivables (Note 6)	6 245	945	485	16	7 691
Other short-term receivables (Note 6)	2 720	0	0	0	2 720
Other long-term receivables (Note 12)	711	0	0	0	711
TOTAL	**9 676**	**945**	**485**	**16**	**11 122**

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)	793	0	0	0	793
TOTAL	**7 899**	**958**	**371**	**28**	**9 256**

In 2022, the Group has written down doubtful receivables in the amount of EUR 153 thousand (2021: EUR 193 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 31.12.2022 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

31.12.2022 (EUR thousand)	Undiscounted						
	<= 1 month	> 1 month and <=3 months	> 3 months and <= 1 year	>1 year and <=5 years	>5 years	Total	Carrying amount
Bank loans (Note 18)	179	358	1 782	14 485	0	**16 804**	**14 646**
Notes (Note 18)	0	0	340	6 720	0	**7 060**	**5 000**
Lease payments (Note 18,19)	161	316	1 418	4 338	0	**6 233**	**5 695**
Trade payables (Note 17)	3 347	252	48	0	0	**3 647**	**3 647**
Other payables	2 142	0	0	43	0	**2 185**	**2 185**
TOTAL	**5 829**	**926**	**3 588**	**25 586**	**0**	**35 930**	**31 174**

31.12.2021 (EUR thousand)	Undiscounted						
	<= 1 month	> 1 month and <=3 months	> 3 months and <= 1 year	>1 year and <=5 years	>5 years	Total	Carrying amount
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**

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.

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. Although the Group's business activities are international, the Group has not foreign exchange risk. The functional currency of the Group's companies is euro. 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 31.12.2022, the Group's foreign currency risk related to USD was EUR 4 thousand. As of 31.12.2021, the Group's foreign currency risk related to USD was EUR 77 thousand.

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 6-month 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 223 thousand euros per year, by 2 percentage points by ca 446 thousand euros per year.

Type of interest	Interest rate	31.12.2022 (EUR thousand)	<= 1 year	>1 year and <=5 years	> 5 years	Carrying amount
Fixed and floating interest rate	6-month Euribor+ 1.90%-2.40%	Loan	1 728	12 918	0	**14 646**
	6.00%*	Notes	0	5 000	0	**5 000**
	6-month Euribor + 1.90%-3.50%	Lease liability	1 665	4 030	0	**5 695**
	1-month Euribor+1.75%	Overdraft	0	0	0	**0**

**from October 2023, the interest rate of 6-month Euribor + 6.00% applies to notes.*

Type of interest	Interest rate	31.12.2021 (EUR thousand)	<= 1 year	>1 year and <=5 years	> 5 years	Carrying amount
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**

Information about loans is disclosed in Note 18.

Price risk

The price of printing services and home delivery affects the activities of the Group the most. The Group hedges the price risk of the printing services by making advance payments to the printing house for the paper used for printing periodicals.

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)	31.12.2022	31.12.2021
Interest-bearing debt *(excl rental liabilities according to IFRS 16)*	20 763	17 062
Cash and bank accounts	7 448	10 962
Net debt	13 315	6 100
Equity	55 423	53 692
Total capital	68 738	59 793
Debt to capital ratio	**19%**	**10%**
Total assets	99 836	94 258
Equity ratio	**56%**	**57%**

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 870 thousand euros as at 31.12.2022 (31.12.2021: 878 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 281 thousand euros as at 31.12.2022 (31.12.2021: 2 256 thousand euros) and these are categorised as level 3 in fair value hierarchy.

Note 5. Cash and bank

(EUR thousand)	31.12.2022	31.12.2021
Cash in hand	45	88
Cash at bank	7 355	10 844
Cash in transit	36	18
Term deposit	11	12
Total cash and bank	**7 448**	**10 962**

Note 6. Trade and other receivables

(EUR thousand)	31.12.2022	31.12.2021
Trade receivables (Note 4,7)	7 691	7 009
Other tax receivables	127	141
Other receivables (Note 4,9)	2 720	1 453
Prepayments	1 123	720
Total trade and other receivables	**11 661**	**9 323**

Note 7. Trade receivables

(EUR thousand)	31.12.2022	31.12.2021
Trade receivables	7 777	7 117
Allowance for doubtful receivables	(86)	(108)
Total trade receivables (Note 6)	**7 691**	**7 009**

(EUR thousand)	2022	2021
Allowance for doubtful receivables at the beginning of the period	(108)	(241)
Proceeds from doubtful receivables during the period	129	118
Allowance for doubtful receivables recognised during the period	(153)	(193)
Receivables written off from balance sheet during the period	46	208
Allowance for doubtful receivables at the end of the period	**(86)**	**(108)**

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)	2022	2021
Corporate income tax expense	302	276
Deferred income tax expense	0	0
Total income tax expense	**302**	**276**

Corporate income tax

(EUR thousand)	2022	2021
Latvia		
Current income tax expense	**(16)**	**(13)**
Lithuania		
Profit (loss) before tax	1 757	1 650
Tax rate	15%	15%
Estimated income tax	(264)	(247)
Impact of income not taxable/expenses not deductible for tax purposes	(23)	(16)
Current income tax expense	**(287)**	**(263)**
Deferred income tax gains (losses)	**0**	**0**

Note 9. Other short-term receivables

(EUR thousand)	31.12.2022	31.12.2021
Receivables from associates (Note 31)	**122**	**98**
Trade receivables	22	11
Loans granted	100	88
Receivables from joint ventures (Note 31)	166	145
Receivables from related parties (Note 31)	12	17
Other short-term receivables	2 420	1 192
Total other short-term receivables (Note 6)	**2 720**	**1 453**

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)	31.12.2022	31.12.2021
Work in progress	5	26
Finished goods	266	239
Goods for resale	15	1
Total inventories	**286**	**266**

(EUR thousand)	2022	2021
Impairment of finished goods	61	72
Allowance for impairment recognised in profit or loss	**61**	**72**

Impairment of inventories is included in the line of the statement of comprehensive income ”Cost of sales“.

Note 11. Business combinations

On 31 May 2022, UAB Delfi, 100% subsidiary of AS Ekspress Grupp, entered into the contract for the acquisition of the business activities of the news agency ELTA in Lithuania. The acquisition of operations of news agency ELTA is an organic step in our strategy. The main goal of this deal is to strengthen and modernize a news agency with a hundred-year experience so that it becomes a modern, competitive, and objective source of journalism for the Lithuanian media and foreign channels.

On 16 June 2022, AS Ekspress Grupp’s 100% subsidiary Geenius Meedia OÜ and OÜ RMP Eesti signed an agreement to aquire the business activities of the RMP.ee portal in Estonia. The merger of RMP to Geenius products increases the amount of information offered to the business user and is an important addition to the content of Ärigeenius and DigiPRO. Organizing of trainings and conferences forms an important part of RMP's activities. Together with the RMP team, Geenius Meedia plans to expand the training activities to the other topics. The acquisition of operations of RMP.ee portal is an organic step in our strategy.

On 9 December 2022, UAB Satyre, 100% subsidiary of AS Ekspress Grupp, entered into the contract for the acquisition of 100% of shares in the media company UAB Lrytas from UAB “Lietuvos rytas”. UAB Lrytas operates one of the most popular local news portal, lrytas.lt in Lithuania. Online portal was founded in 2006. News portal has a strong and independent editorial team, producing its own online content. The acquisition of UAB Lrytas is an organic step in our strategy. The main goal of this deal is to grow the digital media business. Ekspress Grupp acquires the online portal but keeps very close cooperation with Lietuvos rytas newspaper. The shared goal of Lrytas and Ekspress Grupp is to continue offering attractive and independent content for its readers. After the transaction, UAB Lrytas will continue to operate as a separate media company.

As a result of business combinations, the Group acquired net assets at fair value of EUR 5 610 thousand, incl assets EUR 6 166 thousand and liabilities EUR 556 thousand. Among the assets, the goodwill and trademarks identified in the purchase analysis were recognized (Note 16).

The financial impact of the business combinations is presented in the consolidated statement of cash flows in the line “Acquisition of subsidiaries (less cash acquired)”.

The impact on the Group's sales revenue and net profit in 2022 would be insignificant if UAB Lrytas, the business activity of news agency ELTA and RMP.ee portal were acquired as of 1 January 2022.

Note 12. Other receivables and investments

(EUR thousand)	31.12.2022	31.12.2021
Receivables from associates and joint ventures (Note 4,31)	11	93
Other receivables (Note 21,31)	700	700
Other investments - mandatorily as fair value through profit or loss	870	878
Other receivables and investments total	**1 581**	**1 671**

** This row includes investment in equity instruments.*

Note 13. Joint ventures

Company name	Ownership interest %		Co-owner	Co-owner
	31.12.2022	31.12.2021	31.12.2022	31.12.2021
AS Õhtuleht Kirjastus	50%	50%	Alexela Varahalduse AS	Alexela Varahalduse AS
AS Express Post (Note 32)	50%	50%	AS Postimees Grupp	AS Postimees Grupp

The main activity of joint ventures is described in Note 1. Additional information about the shutdown of home delivery business of AS Express Post is provided in Note 32.

(EUR thousand)	AS Õhtuleht Kirjastus	AS Express Post	Total
31.12.2022			
Net assets of the joint venture	2 073	(556)	1 517
Proportion of ownership in the joint venture	50%	50%	
Goodwill	0	0	0
Other adjustments	(19)	278	259
Carrying amount of interest in the joint venture	**1 017**	**(0)**	**1 017**
Profit / (loss) on shares of joint ventures	247	(489)	**(242)**
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)**

Financial information of joint ventures

(EUR thousand)	AS Õhtuleht Kirjastus	AS Express Post	Total
31.12.2022			
Current assets	2 538	913	3 451
Non-current assets	3 474	27	3 501
Total assets	**6 012**	**940**	**6 951**
Current liabilities	3 418	1 496	4 914
Non-current liabilities	520	0	520
Total liabilities	**3 938**	**1 496**	**5 434**
The above amounts of assets and liabilities include the following:			
Cash and cash equivalents	*1 415*	*369*	*1 784*
Current financial liabilities (excluding trade and other payables and provisions)	*141*	*0*	*141*
Non-current financial liabilities (excluding trade and other payables and provisions)	*520*	*0*	*520*

(EUR thousand)	AS Õhtuleht 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:			
Cash and cash equivalents	*1 574*	*405*	*1 978*
Current financial liabilities (excluding trade and other payables and provisions)	*153*	*0*	*153*
Non-current financial liabilities (excluding trade and other payables and provisions)	*398*	*0*	*398*

(EUR thousand)	AS Õhtuleht Kirjastus	AS Express Post	Total
2022			
Revenue	14 162	5 217	19 379
Depreciation and amortisation	(622)	(22)	(644)
Interest income	0	0	0
Interest expense	(10)	(2)	(11)
Profit / (loss) before income tax	**572**	**(1 173)**	**(601)**
Income tax expense	(78)	0	(78)
Profit / (loss) for the reporting period	**494**	**(1 173)**	**(679)**
Other comprehensive income	0	0	**0**
Total comprehensive income	**494**	**(1 173)**	**(679)**
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)**

Note 14. Associates

(EUR thousand)	31.12.2022	31.12.2021
Acquisition of associates	0	0
Disposal of associate interest	0	(292)
Dividends paid	361	78
Impairment loss recognised for the receivables of associates (Note 31)	(105)	(174)
Shares of associates in the balance sheet	**2 279**	**2 210**
Share of loss in associates recognised in statement of comprehensive income		
Profit (loss) under the equity method	325	161
Total profit (loss) of associates	**325**	**161**

Company name	Ownership interest %	
	31.12.2022	31.12.2021
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)
31.12.2022				
Total assets	74	-	279	2 122
Total liabilities	76	-	1 917	695
Total revenue	13	-	680	6 423
Total expenses	19	-	893	4 962
Net profit (loss)	**(6)**	**-**	**(213)**	**1 462**
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**

* As at 31.12.2022 the liabilities of Kinnisvarakeskkond OÜ include liabilities to shareholders in the amount of EUR 1 841 thousand (31.12.2021: EUR 1 769 thousand), which can be converted into the equity of Kinnisvarakeskkond OÜ.

Note 15. Property, plant and equipment

(EUR thousand)	Land	Buildings	Machinery and equipment	Other fixtures	Under construction and prepayments	Total tangible assets
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**
Acquisitions and improvements	0	771	317	1 067	1 999	**4 153**
Disposals (at carrying amount)	0	0	(8)	(15)	0	**(23)**
Impairment and write-offs (at carrying amount)	0	(633)*	(25)	(239)*	(18)	**(914)**
Reclassification	0	49	0	1 330	(1 393)	**(13)**
Acquired through business combinations	0	0	16	0	0	**16**
Depreciation	0	(833)	(267)	(1 347)	0	**(2 446)**
31.12.2022						
Cost	0	4 887	2 030	9 297	1 109	**17 324**
Accumulated depreciation	0	(2 669)	(1 405)	(4 514)	0	**(8 588)**
Carrying amount	**0**	**2 218**	**625**	**4 783**	**1 109**	**8 736**

In 2022, 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 1 694 thousand according to the accounting standard IFRS 16 "Leases" (2021: EUR 2 170 thousand).

*In 2022, Impairment and write-offs of “Buildings” include the derecognition of right-of-use assets in the carrying value of EUR 610 thousand (2021: EUR 110 thousand) and “Other fixtures” in the amount of EUR 216 thousand (2021: EUR 20 thousand).

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
31.12.2020							
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**
Purchases and improvements	0	0	6	0	636	1 383	**2 024**
Write-offs (at carrying amount)	0	0	0	0	(133)	(4)	**(136)**
Reclassification	0	116	32	0	1 338	(1 486)	**0**
Acquired through business combination	3 203	2 459	0	0	1	0	**5 663**
Amortisation	0	(498)	(81)	(175)	(884)	0	**(1 638)**
31.12.2022							
Cost	58 676	18 123	699	3 546	6 934	1 428	**89 406**
Accumulated amortisation and impairments	(9 897)	(6 129)	(595)	(2 422)	(3 643)	0	**(22 686)**
Carrying amount	**48 779**	**11 994**	**104**	**1 124**	**3 291**	**1 428**	**66 720**

Information about intangible assets pledged as collateral for loans is disclosed in Note 18

Goodwill by cash-generating units

(in thousands)	EUR	
	31.12.2022	31.12.2021
Delfi	35 137	35 137
Other media	8 434	5 231
Marketplaces	3 564	3 564
Outdoor screens	1 643	1 643
Total goodwill	**48 779**	**45 576**

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 Delfi Meedia, the cash flows of Latvian entity AS Delfi and the cash flows of Lithuanian entity UAB Delfi.

Other media: 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 Delfi Meedia. The impairment test of Digital Matter includes the cash flows of Digital Matter activities in all Baltic countries. The impairment test of Geenius Meedia is based on the future cash flows of products of Geenius Meedia OÜ. For 2022, no impairment test for Lrytas was done, as the ownership was acquired in December 2022 and the purchase price allocation was performed at that time and no significant changes in fair value were identified.

Market places: 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.

Outdoor screens: The impairment test of Linna Ekraanid and D Screens is based on the future cash flows of digital outdoor advertising business in Estonia and Latvia.

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 next 5 years		Terminal value growth	
	31.12.2022	31.12.2021	31.12.2022	31.12.2021
Delfi	6.8%-9.8%	5.6%-11.3%	3.0%	3.5%
Other media - Estonia	1.4%-20.2%	-0.1%	0.0%-3.0%	0.0%
Other media - Lithuania	6.4%	10.7%	3.0%	3.0%
Marketplaces	5.7%	4.3%	3.0%	3.0%
Outdoor screens	15.0%-20.2%	25.1%-26.7%	3.0%	3.0%

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 12.6%-19.1% (2021: 8.8%-13.7%) and the return on debt is 6.6% (2021: 3.9%). 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 2022, risk-free interest rates in the securities markets increased, resulting in higher discount rates being used in valuation tests.

The applied discount rates are as follows:

Cash-generating unit	31.12.2022	31.12.2021
Delfi	10.55%-11.11%	7.42%-7.78%
Other media - Estonia	10.55%	8.42%
Other media - Lithuania	10.71%	7.53%
Marketplaces	11.11%	7.78%
Outdoor screens	14.15%-14.70%	10.28%-10.61%

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)	31.12.2022			31.12.2021		
	Recoverable amount	Carrying amount (prior to impairment)	Difference	Recoverable amount	Carrying amount (prior to impairment)	Difference
Delfi	83 994	48 325	35 669	150 787	46 379	104 408
Other media	28 192	7 665	20 527	17 292	3 837	13 455
Marketplaces	16 057	7 660	8 397	23 667	7 963	15 704
Outdoor screens	16 526	7 001	9 525	17 999	5 664	12 335

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 (for example, a decrease in sales revenue of more than 15% and all other indicators remaining unchanged), an additional impairment loss of some assets may be recognised.

The earnings of Delfi, Digital Matter, Geenius Meedia 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.

The recovery of the outdoor screens market in 2022 and the lifting of Covid-19 restrictions in Latvia in April 2022, ensures that their future expected cash flows as of 31.12.2022 will 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)	31.12.2022	31.12.2021
Trade payables (Note 4)	3 647	2 899
incl. payables to related parties (Note 31)	*171*	*252*
Payables to employees	3 554	3 349
Other taxes payable	2 071	2 249
Contract liability (Note 22)	2 779	2 566
Contingent consideration	244	2 033
Payables to joint ventures (Note 31)	236	226
Payables to associates (Note 31)	1	0
Accrued interest	72	73
Other accrued liabilities	6 400	4 270
Total trade and other payables	**19 004**	**17 664**

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 2023 or have already happened, but the final settlement with the organizers has not been made (Note 9).

As at 31.12.2022, a contingent consideration in the amount of EUR 281 thousand is recognized in the balance sheet as a result of the business combinations, incl EUR 244 thousand current and EUR 37 thousand non-current liabilities. In 2022, 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 209 thousand (Note 3).

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).

Note 18. Bank loans and borrowings

(EUR thousand)		Repayment term		
	Total amount	Up to 1 year	Between 1-5 years	More than 5 years
Balance as of 31.12.2022				
Long-term bank loans	**14 646**	1 728	12 918	0
Notes	**5 000**	0	5 000	0
Lease liability	**5 695**	1 665	4 030	0
Total	**25 341**	**3 393**	**21 948**	**0**
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**

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.

According to the agreements the interest margin is in range of 1.90%-2.40%

The loans are secured by:

- Shares of subsidiaries;
- Guarantees of AS Ekspress Grupp and subsidiaries;
- Group's trademarks in the amount of EUR 5.4 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 31.12.2022, debt/EBITDA ratio calculated in accordance with the adjustments laid down in the loan contract was 2.04. 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 31.12.2022, DSCR ratio calculated in accordance with the adjustments laid down in the loan contract was 2.92. In addition, the liquidity reserve should be held at the bank in the amount of EUR 1 million.

Changes in bank loans and borrowings resulting from cash flows are presented in the consolidated cash flow statement. The non-monetary change in lease liabilities in the reporting year amounted to EUR 1 577 thousand.

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.

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 31.12.2022, debt/EBITDA ratio calculated in accordance with the adjustments laid down in note terms and conditions was 2.04 and DSCR ratio was 2.92.

Overdraft facilities

As at 31.12.2022, the Group had an outstanding overdraft facility with SEB Bank in the amount of EUR 3 million with the due date of 30.09.2023. No overdraft had been used by the balance sheet date of 31.12.2022 and 31.12.2021.

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
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**
2022					
Balance at 1 January	**2 595**	**258**	**2 998**	**0**	**5 852**
Depreciation charge for the year	(743)	(113)	(910)	0	(1 766)
Additions to right-of-use assets	741	182	1 628	0	2 551
Derecognition of right-of-use assets	(613)	(23)	(237)	0	(873)
Balance at 31 December	**1 980**	**304**	**3 479**	**0**	**5 763**

Amounts recognised in profit or loss (continuing operations)

(EUR thousand)	2022	2021
Interest on lease liabilities	130	109
Expenses relating to low-value and short-term leases	1 244	1 026

Amounts recognised in statement of cash flows

(EUR thousand)	2022	2021
Total cash outflow for leases	(1 751)	(1 814)

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.

Due to the disposal of the 100% holding in the subsidiary Printall AS in September 2021, the printing services segment is recognised as a discontinued operation in the consolidated financial statements. The revenue and expenses of the discontinued operation are shown in a separated line of the consolidated statement of comprehensive income "Gain/loss from discontinued operation".

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 Delfi Meedia AS (Estonia), AS Delfi (Latvia), UAB Delfi (Lithuania), OÜ Hea Lugu (Estonia), D Screens SIA (Latvia), Digital Matter (Lithuania, Estonia, Latvia), Linna Ekraanid OÜ (Estonia), Babahh Media OÜ (Estonia) – in liquidation, SIA Biļešu Paradīze (Latvia), Videotinklas UAB (Lithuania), News agency ELTA UAB (Lithuania), Lrytas UAB (Lithuania – since December 2022) and Geenius Meedia OÜ (Estonia).

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. 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 4.0 million as of 31.12.2022 (EUR 4.2 million as of 31.12.2021)
- Lithuania, EUR 4.0 million as of 31.12.2022 (EUR 1.7 million as of 31.12.2021)

Goodwill relating to companies outside Estonia at their carrying amounts is as follows:

- Latvia, EUR 10.9 million as of 31.12.2022 (EUR 10.9 million as of 31.12.2021)
- Lithuania, EUR 16.8 million as of 31.12.2022 (EUR 13.8 million as of 31.12.2021)

Customer relationships relating to companies outside Estonia at their carrying amounts is as follows:

- Latvia, EUR 1.1 million as of 31.12.2022 (EUR 1.3 million as of 31.12.2021)

2022 (EUR thousand)	Media	Corporate functions	Eliminations	Total Group
Sales to external customers	**62 587**	**1 554**	**0**	**64 141**
Inter-segment sales	103	2 946	(3 050)	0
Total segment sales	62 690	4 500	(3 050)	64 141
EBITDA	**10 183**	**(1 122)**	**(171)**	**8 891**
EBITDA margin	**16%**			**14%**
Depreciation (Note 15,16)				(4 084)
Operating profit /(loss)				4 797
Investments (Note 15,16)				6 177

2021 (EUR thousand)	Media	Corporate functions	Eliminations	Total Group
Sales to external customers	**52 031**	**1 485**	**0**	**53 516**
Inter-segment sales	62	2 633	(2 695)	0
Total segment sales	52 093	4 118	(2 695)	53 516
EBITDA	**8 927**	**(669)**	**(18)**	**8 240**
EBITDA margin	**17%**			**15%**
Depreciation				(3 418)
Operating profit /(loss)				4 864
Investments				6 660

Due to the disposal of the 100% holding in the subsidiary Printall AS in September 2021, the printing services segment is recognised as a discontinued operation in the consolidated financial statements. The revenue and expenses of the discontinued operation are shown in a separated line of the consolidated statement of comprehensive income "Gain/loss from discontinued operation". Below is the calculation of the Group's sales revenue and EBITDA by segment with the discontinued operation.

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

(EUR thousand)	Sales		EBITDA	
	2022	2021	2022	2021
Total Group (continuing + discontinued)	64 141	65 083	8 891	9 444
Elimination of discontinued operation	-	(13 244)	-	(1 286)
Inter-segment eliminations	-	1 677	-	83
TOTAL GROUP (continuing)	**64 141**	**53 516**	**8 891**	**8 240**

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. The printing services segment is recognised as a discontinued operation in the consolidated financial statements. The revenue and expenses of the discontinued operation of 2021 are shown in a separated line of the consolidated statement of comprehensive income "Gain/loss from discontinued operation". After the sale, AS Printall continued to provide printing services to the companies of the group.

Results of discontinued operation

(EUR thousand)	2021
Segment sales revenue	13 244
Elimination of inter-segment revenue	(1 537)
Sales to external customers	**11 707**
Segment expenses	(12 898)
Elimination of expenses related to inter-segment sales	1 537
External expenses	**(11 361)**
Net profit /(loss) for the reporting period	**346**
Loss on sale of discontinued operation	(2 222)
Net profit /(loss) from discontinued operation	**(1 876)**
Basic earnings per share (euro)	(0.06)
Diluted earnings per share (euro)	(0.06)

Cash flows from (used in) discontinued operation

(EUR thousand)	2021
Net cash generated from operating activities	1 079
Net cash used in investing activities	6 151
Net cash used in financing activities	(1 514)
Net cash flows for the period	**5 716**

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 12, 31)	700
Cash and cash equivalents disposed of	(14)
Net cash inflows	**6 326**

Note 22. Sales revenue

	Media		Corporate functions		Total	
(EUR thousand)	2022	2021	2022	2021	2022	2021
Major products/service lines						
Advertising revenue	37 600	33 780	0	0	**37 600**	**33 780**
Subscriptions (incl single-copy sales)	16 819	13 311	0	0	**16 819**	**13 311**
Marketplaces	2 232	1 013	0	0	**2 232**	**1 013**
Outdoor screens	2 396	1 448	0	0	**2 396**	**1 448**
Sale of other goods and services	3 539	2 478	1 554	1 485	**5 093**	**3 963**
Total	**62 587**	**52 031**	**1 554**	**1 485**	**64 141**	**53 516**
Timing of revenue recognition						
Goods and services transferred at a point in time and over time	62 587	52 031	1 554	1 485	**64 141**	**53 516**
Revenue from contracts with customers total	**62 587**	**52 031**	**1 554**	**1 485**	**64 141**	**53 516**

(EUR thousand)	2022	2021
Sales revenue by geographical area		
Estonia	35 656	29 313
Latvia	8 111	8 417
Lithuania	12 884	11 338
Other Europe	6 944	3 996
Other countries	546	452
Total	**64 141**	**53 516**

The following table provides information about contract assets and contract liabilities from contracts with customers.

(EUR thousand)	31.12.2022	31.12.2021
Contract liabilities (Note 17)	2 779	2 566

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)	2022	2021
Raw materials and consumables used	400	457
Services purchased	14 393	12 297
Salaries and social taxes	26 847	21 774
Lease expense (Note 19)	791	640
Other expenses	2 672	1 883
Depreciation and amortisation	3 083	2 624
Total expenses	**48 185**	**39 674**

Note 24. Marketing expenses

(EUR thousand)	2022	2021
Marketing	1 937	1 497
Salaries and social taxes	1 010	828
Lease expense (Note 19)	20	16
Depreciation and amortisation	13	17
Total marketing expenses	**2 979**	**2 359**

Note 25. Administrative expenses

(EUR thousand)	2022	2021
Raw materials and consumables used	185	146
Repairs and maintenance	794	547
Communication expenses	130	115
Lease expense (Note 19)	434	370
Services purchased	2 169	1 502
Salaries and social taxes	4 122	3 978
Depreciation and amortisation	988	777
Total administrative expenses	**8 823**	**7 435**

Note 26. Expenses by type

(EUR thousand)	2022	2021
Salaries and social taxes	31 978	26 581
Raw materials and consumables used	585	602
Lease expense (Note 19)	1 244	1 026
Services purchased	16 562	13 799
Marketing expenses	1 937	1 497
Repairs and maintenance	794	547
Communication expenses	130	115
Other expenses	2 672	1 883
Depreciation and amortisation	4 084	3 418
Total cost of sales, marketing and administrative expenses	**59 987**	**49 468**
Average number of employees	**884**	**741**

The information provided in this Note is aggregate numbers from Notes 23-25.

Note 27. Other income

(EUR thousand)	2022	2021
Subsidies	400	656
Other income	389	272
Total other income	**789**	**929**

In 2021, in response to the COVID-19 coronavirus pandemic, 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 2022, the Group did not receive state subsidy related to the COVID-19 coronavirus pandemic.

Note 28. Share option plans

Program approved in 2022 – *currently valid*

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 2022, the liability of the mentioned share option amounted to EUR 378 thousand (31.12.2021: EUR 378 thousand).

Program approved in 2020 – *currently valid*

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 2022, total amount of share options granted was 959 thousand (31.12.2021: 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. 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. As of 31 December 2022, the number of options issued is 639 thousand.

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 2022, this reserve totalled EUR 65 thousand (31.12.2021 EUR 36 thousand).

Program approved in 2017 – *ended as of 31.12.2022*

In June 2017, the General Meeting of Shareholders approved the share option plan for key employees, most of which were exercised at the end of 2020 and in the 1st quarter of 2021.

By 31 December 2022, all options under the share option plan approved in 2017 have been exercised. As of 31.12.2021 the balance of issued options of the above mentioned stock option plan was 69 thousand options and the liability amounted to EUR 72 thousand.

Note 29. Equity

Share capital

As of 31 December 2022, the company's share capital is EUR 18 478 105 (31.12.2021: EUR 18 478 105), which is divided into 30 796 841 (31.12.2021: 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.

In the 12 months of 2022, within the framework of the share option plan the option owners were transferred 66 896. As a result, the balance of treasury shares decreased by EUR 50 thousand.

As of 31 December 2022, the Company had 447 076 treasury shares (31.12.2021: 513 972) in the total amount of EUR 334 thousand (31.12.2021: EUR 384 thousand). Treasury shares to be used for the share option plans due to be exercised in 2023.

Dividends

At the regular general meeting of shareholders of AS Ekspress Grupp held on 2 May 2022, it was decided to pay a dividend of 8 euro cents per share in the total amount of EUR 2.43 million. Dividends were paid to shareholders on 20 May 2022.

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.

As of 31 December 2022, it is possible to distribute dividends without income tax payment in the total amount of EUR 23.5 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)	31.12.2022	31.12.2021
Statutory reserve capital	1 355	1 245
Additional cash contribution from shareholder	639	639
Share option reserve	65	36
Total reserves	**2 059**	**1 920**

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	2022			2021		
	Continuing operations	Discontinued operation	Total	Continuing operations	Discontinued operation	Total
Profit / (loss) attributable to equity holders	4 047 812	0	4 047 812	4 119 006	(1 875 904)	2 243 103
Average number of ordinary shares at the end of the period	30 320 378	30 320 378	30 320 378	30 243 148	30 243 148	30 243 148
Number of ordinary shares potentially issued as the part of option program at the end of the period	958 617	958 617	958 617	1 064 071	1 064 071	1 064 071
Basic earnings per share	**0.1335**	**0.0000**	**0.1335**	**0.1362**	**(0.0620)**	**0.0742**
Diluted earnings per share	**0.1294**	**0.0000**	**0.1294**	**0.1316**	**(0.0599)**	**0.0716**

Share buyback programme

On 8 February 2023 the Group, in accordance with the resolution of the shareholders of 2 May 2022, announces the buyback of up to 588,235 own shares (share of AS Ekspress Grupp, ISIN EE3100016965, hereinafter referred to as the share) from the shareholders in the period from 15 February to 6 March 2023 at the price of EUR 1.70 per share.

The buyback shall be subject to the following conditions:

- the purchase price is EUR 1.70 per share;
- the maximum amount payable for the shares to be bought back: EUR 1,000,000 (up to 588,235 shares);
- the shares shall not be encumbered by third party rights.

All shareholders can offer their shares to AS Ekspress Grupp for a buyback at equal terms. To participate in the buyback, during the period of submitting redemption orders a shareholder shall submit an over-the-counter redemption offer in his/ her bank (at the custodian of the securities account opened with Nasdaq CSD SE) within the framework of a respective corporate event of AS Ekspress Grupp, indicating the number of shares that the shareholder wishes to sell back to AS Ekspress Grupp under the conditions disclosed in this notice.

The period of placing share redemption orders began on 15 February 2023 at 10.00 and ended on 6 March 2023 at 15.00. A shareholder may use any method offered by the shareholder's custodian to place a redemption order (e.g. physically at the custodian's customer service location, online or otherwise). A shareholder's redemption offer shall be deemed to have been submitted from the moment that Nasdaq CSD receives a duly executed redemption order from the shareholder's custodian. A shareholder shall have the right to modify or cancel their redemption order at any time until the end of the period during which the redemption order is submitted. To that end, the shareholder shall contact the shareholder's custodian through whom the relevant order has been made and execute any action required by the custodian to modify or cancel the order. When submitting a redemption order, the custodian shall block a corresponding amount of securities in the shareholder's securities account. The shareholder shall bear all costs and charges related to the submission, cancellation or modification of the redemption order.

AS Ekspress Grupp shall decide on the distribution of the buyback of shares (acceptance of offers) after the end of the period for submitting redemption orders. If the total amount of the received redemption orders exceeds EUR 1,000,000, AS Ekspress Grupp shall distribute the shares to be bought back among the offers submitted by the shareholders proportionally (pro rata) so that the total buyback amount does not exceed EUR 1,000,000. In the event of excess, the custodian shall release the excessively blocked securities in the shareholder's securities account. If a pro rata distribution of shares to be bought back results in a number of shares that is not an integer, the corresponding number of shares shall be rounded down to the nearest whole number of shares in accordance with the rounding rules. The balance resulting from the rounding shall be distributed among the shareholders on a random basis.

AS Ekspress Grupp disclosed the results of the buyback distribution in a stock exchange announcement on 7 March 2023. Shares sold as part of the buyback were transferred and funds for the shares were received into the shareholder's account on 9 March 2023.

Buyback schedule:

15 February 2023 at 10.00	Beginning of the period for submitting redemption offers (start of the period for submitting the offer to the custodian)
1 March 2023	Guaranteed participation date
3 March 2023	Buyer protection deadline
6 March 2023 at 15.00	End of the period for submitting redemption offers (end of the period for submitting the offer to the custodian)
7 March 2023	Disclosure of the buyback distribution results
9 March 2023	Date of transfer of shares and funds

The results of the buyback offer may impact the amount of dividends to be paid out of the Group’s profit for 2022. The Management Board will make a dividend proposal along with the notice to call an ordinary general meeting and will form its proposal on dividends based on previously approved dividend policy and the volume of the shares bought back under the share buyback offer. The Group will pay out at least 30% of the last year’s net profit as dividends under the condition that there will be sufficient monetary funds available to fund key operations and make new strategic investments. In case the economic environment significantly slows down, or the cash flows are lower than expected for other reasons, the Group may lower the dividend pay-out ratio or decide not to pay dividends.

Note 30. Contingent assets and liabilities

Contingent income tax liability

As of 31.12.2022, the consolidated retained earnings of the Group amounted to EUR 20 796 thousand (31.12.2021: EUR 19 261 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 31.12.2022, AS Ekspress Grupp (Parent Company) may pay out dividends tax-free in the amount of EUR 23 450 thousand (as of 31.12.2021: EUR 24 935 thousand). Upon the payment of all possible retained earnings as at 31.12.2022, no potential income tax liability occurs.

Contingent assets and liabilities arising from pending court cases

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)	2022	2021
Sale of services		
Members of Supervisory Board and companies related to them*	122	60
Members of Management Board and companies related to them	2	2
Associates	162	160
Joint ventures	1 492	1 369
Total sale of services	**1 778**	**1 591**

PURCHASES (EUR thousand)	2022	2021
Purchase of services		
Members of Management Board and companies related to them	72	20
Members of Supervisory Board and companies related to them*	3 012	1 150
Associates	2	21
Joint ventures	2 077	1 999
Total purchases of services	**5 163**	**3 189**

RECEIVABLES (EUR thousand)	31.12.2022	31.12.2021
Short-term receivables		
Members of Supervisory Board and companies related to them (Note 9)*	12	17
Associates (Note 9)	122	98
Joint ventures (Note 9)	166	145
Total short-term receivables	**300**	**261**
Long-term receivables		
Members of Supervisory Board and companies related to them (Note 21)	700	700
Associates (Note 12)	11	94
Total long-term receivables	**711**	**794**
Total receivables	**1 011**	**1 055**

As of 31.12.2022 impairment loss was recognised for the receivables of associates in amount of EUR 803 thousand (31.12.2021: EUR 698 thousand).

LIABILITIES (EUR thousand)	31.12.2022	31.12.2021
Current liabilities		
Members of Management Board and companies related to them (Note 17)	3	2
Members of Supervisory Board and companies related to them (Note 17)*	167	250
Associates (Lisa 17)	1	0
Joint ventures (Note 17)	236	226
Total liabilities	**408**	**478**

** 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 2022, a payment of EUR 60 thousand (2021: EUR 60 thousand) was paid for the personal guarantee and there are no outstanding liabilities as of 31 December 2022 and 31 December 2021.

Remuneration of members of the Management Boards of the consolidation group

(EUR thousand)	2022	2021
Salaries and other benefits (without social tax)	2 461	2 318
Share option	14	25
Total (without social tax)	**2 475**	**2 343**

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 2022, the maximum gross amount of potential Key Management termination benefits was EUR 746 thousand (31.12.2021: EUR 735 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

At **27 January 2023,** the Supervisory Board of AS Express Post in which AS Ekspress Grupp has a 50% ownership interest, to shut down the home delivery business of Express Post during 2024. The company will still provide the call centre service and the management service for the subscriber bases of periodicals that make up ca 7% of the company's current business. The change will neither impact the volume and frequency of publishing the paper periodicals of Ekspress Grupp nor the home delivery conditions for its subscribers. As a result of the closure of the business line, AS Express Post will lay off approximately 450 employees. The estimated additional one-off expenditure related to the closure of the business line will total EUR 1.0–1.2 million, of which the share of Ekspress Grupp will be EUR 0.5–0.6 million.

As at 31 December 2022, the value of the investment recognised in the Group's balance sheet is EUR 0 (31.12.2021: EUR 0). The additional one-off expenditure related to the closure of the business line in the amount of EUR 0.5–0.6 million will be reflected in the Group's results for the 1st quarter of 2023.

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)	31.12.2022	31.12.2021
ASSETS		
Cash and cash equivalents	336	2 071
Trade and other receivables	3 281	2 752
Total current assets	**3 617**	**4 823**
Non-current assets		
Trade and other receivables	9 485	5 026
Other investments	1 532	1 532
Investments in subsidiaries	65 761	64 852
Investments in joint ventures	1 017	1 011
Investments in associates	0	1
Property, plant and equipment	395	325
Intangible assets	2 329	1 794
Total non-current assets	**80 519**	**74 542**
TOTAL ASSETS	**84 136**	**79 365**
LIABILITIES AND EQUITY		
Liabilities		
Borrowings	60	63
Trade and other payables	8 316	5 289
Total current liabilities	**8 376**	**5 352**
Long-term borrowings	5 206	5 182
Other long-term liabilities towards subsidiaries	15 278	15 278
Total long-term trade and other payables	**20 484**	**20 460**
Total liabilities	**28 860**	**25 812**
Equity		
Share capital at nominal value	18 478	18 478
Share premium	14 277	14 277
Treasury shares	(334)	(384)
Statutory reserve capital	1 355	1 245
Other reserves	704	675
Retained earnings	20 796	19 261
Total equity	**55 276**	**53 552**
TOTAL LIABILITIES AND EQUITY	**84 136**	**79 365**

Statement of comprehensive income of AS Ekspress Grupp (Parent Company)

(EUR thousand)	2022	2021
Sales revenue	5 111	4 347
Cost of sales	(3 966)	(3 397)
Gross profit	**1 145**	**950**
Other income	23	0
Administrative expenses	(1 588)	(1 107)
Other expenses	(22)	(6)
Operating profit / (loss)	**(442)**	**(163)**
Finance income and costs on shares of subsidiaries	5 103	3 221
Finance income and costs on shares of joint ventures	(242)	(281)
Finance income and costs on shares of associates	(104)	(167)
Interest income	419	317
Interest expenses	(697)	(730)
Other finance income and costs	10	47
Financial income and expense	**4 490**	**2 406**
PROFIT FOR THE YEAR	**4 048**	**2 243**
Other comprehensive income (expense) for the year	0	0
Total comprehensive income for the year	**4 048**	**2 243**

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 31.12.2020	**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**
Increase of statutory reserve capital	0	0	0	110	(110)	0
Share options	0	0	50	29	22	101
Dividends paid	0	0	0	0	(2 425)	(2 425)
Total transactions with owners	*0*	*0*	*50*	*139*	*(2 513)*	*(2 324)*
Net profit /(loss) for the reporting period	0	0	0	0	4 048	4 048
Total comprehensive income / (loss) for the reporting period	*0*	*0*	*0*	*0*	*4 048*	*4 048*
Balance on 31.12.2022	**18 478**	**14 277**	**(334)**	**2 059**	**20 796**	**55 276**

Cash flow statement of AS Ekspress Grupp (Parent Company)

(EUR thousand)	2022	2021
Cash flows from operating activities		
Operating profit (loss) for the period	**(442)**	**(163)**
Adjustments for:		
Depreciation, amortisation and impairment	541	412
Change in value of share option	29	36
Cash flows from operating activities:		
Trade and other receivables	(340)	(226)
Trade and other payables	705	452
Cash generated from operations	**493**	**510**
Interest paid	(691)	(814)
Net cash generated from operating activities	**(198)**	**(304)**
Cash flows from investing activities		
Increase/ decrease in investments in subsidiaries	3 495	7 584
Cash paid-in/ received from equity-accounted investees	(474)	(357)
Purchase and receipts of other investments	10	51
Interest received	141	97
Dividends received	940	2 300
Purchase of property, plant and equipment and intangible assets	(1 062)	(789)
Proceeds from sale of property, plant and equipment and intangible assets	23	0
Loans granted	(4 885)	(853)
Loan repayments received	400	744
Net cash from investing activities	**(1 411)**	**8 773**
Cash flows from financing activities		
Dividends paid	(2 425)	(3 028)
Change in cash pool account	2 366	123
Loans received / Repayments of borrowings	0	(3 000)
Payments of lease liabilities	(67)	(75)
Purchases of treasury shares	0	(446)
Net cash generated from financing activities	**(126)**	**(6 426)**
Cash flows total	**(1 736)**	**2 043**
NET (DECREASE) IN CASH AND CASH EQUIVALENTS	**(1 735)**	**2 043**
Cash and cash equivalents at beginning of the period	2 071	28
Cash and cash equivalents at end of the period	336	2 071

Management Board's confirmation of the consolidated annual report

The Management Board confirms that the management report, sustainability report, corporate governance report and remuneration report of AS Ekspress Grupp disclosed on pages 5 to 85 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 86 to 140 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*	29.03.2023
Signe Kukin	Member of the Management Board	*signed digitally*	29.03.2023

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 2022, 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 2022, 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	
Additional information in 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 2022 includes goodwill in the amount of EUR 48,779 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: • We assessed for significant CGUs identified by management the appropriateness of the allocation of assets based on our understanding of the Group's operations;

This version of our auditors' report is a copy from the original, which was prepared in xhtml format and presented to Nasdaq Tallinn together with the original version of the consolidated financial statements. All possible care has been taken to ensure that the copy is an accurate representation of the original, excluding xbrl tagging. However, in all matters of interpretation of information, views or opinions, the original version of our report takes precedence over this copy.

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. 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.	• 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.

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 135^3 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 135^3 of the Securities Market Act.

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.
- 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 529900B52V1TUMW7FS54-2022-12-31-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 2022;

- 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;
- 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 529900B52V1TUMW7FS54-2022-12-31-et.zip for the year ended 31 December 2022 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 2022. Our total uninterrupted period of engagement has lasted for six years, covering the periods ended 31 December 2017 to 31 December 2022.

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, 29 March 2023

/signed digitally/

Liina Randmann

Certified Public Accountant,
Licence No 661

/signed digitally/

Mari-Leen Sandre

Certified Public Accountant,
Licence No 701

KPMG Baltics OÜ
Licence no 17

KPMG Baltics OÜ

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PROPOSAL FOR PROFIT ALLOCATION FOR THE YEAR 2022

The Management Board of AS Ekspress Grupp proposes to allocate the consolidated net profit for the financial year ended 31 December 2022 in the amount of EUR 4 048 thousand as follows:

(EUR thousand)	
Consolidated net profit attributable to equity holders of AS Ekspress Grupp	**4 048**
Payment of dividends	1 488
Increase in statutory reserve (1/20 from the profit)	202
Profit for the financial year to be transferred to retained earnings	2 358
Statutory reserve before increase	1 355
Statutory reserve after the increase	**1 557**
Retained earnings before profit allocation	20 796
Total consolidated retained earnings after profit distribution	**19 106**

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 2022 consisting of management report, sustainability 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, sustainability 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

Supervisory Board

Signed digitally
Chairman of the Supervisory Board
Priit Rohumaa

Signed digitally
Member of the Supervisory Board
Hans H. Luik

Signed digitally
Member of the Supervisory Board
Sami Jussi Petteri Seppänen

Signed digitally
Member of the Supervisory Board
Triin Hertmann

KEY FINANCIAL INDICATORS IN 2018-2022

Consolidated income statement

(EUR thousand)	2022	2021	2020	2019	2018
Continuing operations					
Sales revenue	64 141	53 516	44 514	44 717	37 879
Cost of sales	(48 185)	(39 674)	(34 013)	(33 210)	(28 135)
Gross profit	**15 956**	**13 842**	**10 501**	**11 507**	**9 744**
Other income	789	929	1 691	601	382
Marketing expenses	(2 979)	(2 359)	(1 905)	(2 175)	(2 231)
Administrative expenses	(8 823)	(7 435)	(6 930)	(7 468)	(6 993)
Other expenses	(146)	(113)	(286)	(129)	(52)
Operating profit	**4 797**	**4 864**	**3 071**	**2 337**	**850**
Interest income	36	35	28	24	143
Interest expenses	(738)	(709)	(860)	(1 085)	(721)
Other finance income/ (costs)	179	339	634	(29)	(103)
Net finance cost	**(523)**	**(335)**	**(198)**	**(1 090)**	**(681)**
Profit (loss) on shares of joint ventures	(242)	(281)	102	(38)	(273)
Profit (loss) on shares of associates	325	161	(129)	(114)	(234)
Profit before income tax	**4 357**	**4 409**	**2 846**	**1 093**	**(338)**
Income tax expense	(302)	(276)	(280)	(339)	(276)
Net profit from continuing operations	**4 055**	**4 133**	**2 566**	**755**	**(614)**
Net profit /(loss) from discontinued operation	0	(1 876)	(30)	652	639
Net profit for the reporting period	**4 055**	**2 257**	**2 536**	**1 407**	**25**
Net profit for the reporting period attributable to					
Equity holders of the parent company	4 048	2 243	2 510	1 394	6
Minority shareholders	7	14	26	13	19
Total comprehensive income	**4 055**	**2 257**	**2 536**	**1 407**	**25**
Comprehensive income for the reporting period attributable to					
Equity holders of the parent company	4 048	2 243	2 510	1 394	6
Minority shareholders	7	14	26	13	19

Consolidated balance sheet

(EUR thousand)	31.12.2022	31.12.2021	31.12.2020	31.12.2019	31.12.2018
ASSETS					
Current assets					
Cash and cash equivalents	7 448	10 962	6 269	3 647	1 268
Trade and other receivables	11 661	9 323	9 450	12 705	9 154
Corporate income tax prepayment	49	2	7	0	27
Inventories	286	266	2 756	3 120	3 382
Total current assets	**19 444**	**20 553**	**18 482**	**19 472**	**13 831**
Non-current assets					
Other receivables and investments	1 580	1 671	982	975	1 588
Deferred tax asset	60	42	30	38	44
Investments in joint ventures	1 017	1 011	1 661	1 254	2 345
Investments in associates	2 279	2 210	2 253	2 356	319
Property, plant and equipment	8 736	7 964	14 134	14 943	11 921
Intangible assets	66 720	60 807	56 635	56 369	46 691
Total non-current assets	**80 392**	**73 705**	**75 696**	**75 935**	**62 907**
TOTAL ASSETS	**99 836**	**94 258**	**94 177**	**95 407**	**76 738**
LIABILITIES					
Current liabilities					
Borrowings	3 393	3 201	3 613	5 100	1 356
Trade and other payables	19 004	17 664	15 251	16 483	10 801
Corporate income tax payable	25	82	81	65	29
Total current liabilities	**22 422**	**20 947**	**18 945**	**21 647**	**12 186**
Non-current liabilities					
Long-term borrowings	21 948	19 018	18 589	19 242	14 118
Other long-term liabilities	43	601	2 024	2 895	0
Total non-current liabilities	**21 991**	**19 619**	**20 612**	**22 137**	**14 118**
TOTAL LIABILITIES	**44 413**	**40 566**	**39 557**	**43 784**	**26 304**
EQUITY					
Minority interest	147	140	126	100	87
Capital attributable to equity holders of parent company:					
Share capital	18 478	18 478	18 478	17 878	17 878
Share premium	14 277	14 277	14 277	14 277	14 277
Treasury shares	(334)	(384)	(209)	(22)	(22)
Reserves	2 059	1 920	1 758	1 688	1 688
Retained earnings	20 796	19 261	20 189	17 701	16 526
Total capital attributable to equity holders of parent company	**55 276**	**53 552**	**54 494**	**51 522**	**50 347**
TOTAL EQUITY	**55 423**	**53 692**	**54 620**	**51 622**	**50 434**
TOTAL LIABILITIES AND EQUITY	**99 836**	**94 258**	**94 177**	**95 407**	**76 738**