JOINT STOCK COMPANY
“STORENT INVESTMENTS”
(UNIFIED REGISTRATION NUMBER 40103834303)

SEPARATE ANNUAL REPORT FOR YEAR 2021

(The 8th financial year)

PREPARED IN ACCORDANCE WITH THE
INTERNATIONAL FINANCIAL REPORTING STANDARDS
AS ADOPTED BY THE EUROPEAN UNION
AND INDEPENDENT AUDITORS’ REPORT

Riga, 2022

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General information

Name of the company	"STORENT INVESTMENTS"
Legal status	Joint Stock Company
Number, place and date of registration	40103834303 Riga, 7 October 2014
Registered and business address	Matrožu iela 15a Riga, Latvia, LV-1048
Shareholders	Levina Investments S.A.R.L. (Luxembourg) 73% Bomaria SIA 13.5% Supremo SIA 13.5%
Board of the Company	Andris Bisnieks, member of the Board Andris Pavlovs, member of the Board
Council of the Company	Nicholas John Kabcenell, chairman of the Council Baiba Onkele, member of the Council Dalgin Burak, member of the Council
Annual report prepared by	Marina Grigore Chief accountant of Storent Investments AS
Type of activity	Supervision and management of subsidiaries; performance of functions of strategic and organizational planning and decision-making.
NACE code	70.22 Business and other management consultancy activities (NACE rev. 2.0)
Reporting year	1 January 2021 – 31 December 2021
Previous reporting year	1 January 2020 – 31 December 2020
Name and address of the independent auditor and the responsible sworn auditor	KPMG Baltics SIA License Nr. 55 Vesetas 7, Riga, LV-1013, Latvia Armine Movsisjana Latvian sworn auditor Certificate No. 178

Management report

Type of activity of the Company

Storent Investments AS (hereinafter referred to as the “Company”) was established on 7 October 2014 and this is the eighth reporting year of the Company. The Company was established along with the entry of a new financial investor and is a parent company of the Storent Group. The main type of activity of the Company is to provide management and consultancy services to subsidiaries, which accounts for the most part of the Company’s turnover.

Development of the Company and results of financial operations in the reporting year

The main type of activity of the Company is related to provision of all the companies of the Storent group with financial resources, region differentiated sales strategies and activities, marketing initiatives and support of Storent brand, information technology systems, as well as provision of management services to related companies. In the reporting year, the Company’s turnover decreased by 12% reaching 4.9 million euro, which was affected by Covid-19 and revised transaction terms with related parties. The reporting year closed with a profit of EUR 2 141 469. Storent Investments AS balance sheet has a very strong and steady financing structure consisting of 76% shareholders equity, 3% long term liabilities and 21% short term liabilities. Non-current assets constitute 97% of the total assets. The Company’s business specifics historically was always having a working capital deficit due to the large amount of liabilities to finance investments; however, this has not prevented the Company from meeting its obligations in accordance with their terms. Additional factor contributing to the negative working capital is a technical default of one of bond covenants that resulted in the classification of full bond liability as current (please see Note 22 for further details).

Although 2021 was much more successful than 2020, Storent Group’s performance in the reporting year was still negatively affected by Covid-19 pandemic in all countries. The Covid-19 pandemic in 2021 did not directly affect the construction sector, as there were no restrictions on construction sites, but it continued to affect overall economic activity. Rental revenues increased by 5%, while the consolidated turnover decreased by 2% reaching 42.9 million euros. Although rental market still faces strong price competition and rental equipment overcapacity, rental prices started to rise slowly. During the reporting year there were significant changes in the Group’s rental fleet structure, with own equipment proportion decreasing from 57% in December prior year to 39% in December current year.

Baltic region rental operations increased by 9% with almost identically increasing trends in all Baltic countries. The Baltic region accounts for approximately 69% of the Group’s rental income. In 2021, the growth of construction market in Estonia remained at the level of the previous year. The market growth is expected to be modest in 2022, and various construction projects will be implemented during the year, such as Rail Baltica and its adjacent infrastructure and the next round of development of the Enefit power plant. In 2021, the Latvian construction market shrank by 6.2%. The largest decline was in construction of residential buildings, with a decrease of 10.5%. In 2022, several large and medium-scale projects are planned, some of which will be implemented within the framework of EU programs. Thus, the construction market is expected to continue to grow in the near future. In 2021, the Lithuanian construction market grew by 11.6%. There was a significant increase in the residential segment, which amounted to 17%. In 2022, the Rail Baltica project will continue, which will provide additional demand for rental equipment throughout the Baltics and give the management additional confidence for 2022. The project has already actively started the construction phase in 2022, which will create the greatest demand for equipment.

Construction market volume historical data and forecast doesn’t always reflect the construction rental market potential. It depends on the construction project types and stages at the exact year. The Group’s entities growth possibilities are higher in the markets, where Storent has smaller share of the market. It’s expected that the lack of construction workforce will increase prices and demand of rental construction equipment.

Nordic operations have decreased by 5% compared to 2020. Due to the constraints of the Covid-19 pandemic, construction volumes have declined in 2021, and no rapid growth is expected in the near future. Storent in the Nordic countries has a relatively small market share, and we do not link its development to market growth, but to long-term cooperation with customers. We have started 2022 promisingly, and with the start of the season we expect further growth. In December 2021, the management decided to close the heavy team unit in Finland since demand for specific heavy equipment moving services has significantly decreased.

Operations of subsidiary Storent OOO in **Kaliningrad** have seen a significant revenue increase, reaching 21% increase compared to 2020, while the construction market shrank by 48.2% in 2021, mainly due to the Covid-19 pandemic. At the moment of issue of this report, Storent OOO continues to operate without significant changes. Before 24 February 2022, the Russian entity operated quite independently, and the Company’s management doesn’t see any major risks for further business activities. The Company monitors and follows sanction restrictions, and so far they don’t affect subsidiary’s activities.

In 2021, the Group continues cooperation with split-rent and re-rent platform PreferRent, and at the end of 2021 56% of the total rental fleet was supplied from PreferRent. It allowed to increase the Group’s efficiency since PreferRent took over a part of the fleet management function and provided increased rental fleet capacity without the Group incurring additional financial liabilities. According to approved Storent Group strategy, part of the rental fleet was sold to auction and to split-rent vendors, which resulted in own equipment proportion decreasing from 57% to 39% of the total rental fleet volume at the year-end compared to the same period previous reporting period. Investment plan for rental assets in 2021 was small compared to previous periods. Storent Group continued to develop and invest in IT technologies. A flexible approach to rental fleet rotation among Storent Group companies ensured a quicker response to construction market changes and, overall, a more efficient rental fleet usage. In summer 2021 Storent entities in the Baltics joined PreferRent online rental platform that offers online rental services ordering from numerous rental companies in Baltics.

Management sees this as a modern additional sale channel to meet customer needs for the best rental solutions with the most advantageous rental price.

Storent Group's balance sheet has a stable structure consisting of 27% shareholders equity, 18% long term liabilities and 55% short term liabilities. Non-current assets constitute 81% of the total assets. The Group's business peculiarity historically was always having a working capital deficit due to large amount of liabilities to finance investments in rental equipment; however, this has not prevented the Group and the Company from meeting its obligations in accordance with their terms. Almost 1 million euros Group's total bank account balance at the end of the accounting period is sufficient to ensure the Group's operational activities. The Group concluded the financial year 2021 with a loss of 3.4 million euros, which was mostly affected by Covid-19 pandemic. The Group management worked on efficiency increase by reducing headcount during 2021 by 35 people, as well as realized savings on other expenses positions during the financial year.

In 2021, the Group continued to develop online rental service. Online ordering is a stable sales channel and it makes up almost 40% of the total income of Storent in the Baltic states for the year 2021. Historically the highest numbers have been reached for digital authorisations and electronically signed documents of 80% of all rental deliveries.

The future development of the Company

The Company management plans further development of its operations. The main focus in 2022 will be to continue online sales development, digital transformation and efficiency increase. The Company will continue to transform its IT strategy to comply with the scalability needs. In early 2022, Storent entities in the Baltics joined online logistics platform Cargopint that allows to organize transportation in a more efficient manner and will give opportunity to serve a wider range of customers with a more competitive price.

The Company's subsidiaries plan to continue selling own rental fleet and increase split-rent share in the total rental income from current 58% in 2021 to 66% during 2022. Management estimates that the construction industry will fully recover after Covid-19 pandemic in the spring 2022, and construction volumes will return to the level of 2019 and start to grow further only from 2023. It is expected that Rail Baltica project will give a significant positive impact on the construction industry in the Baltics.

Financial risk management

The Company's key principles of financial risk management are laid out in Note 25.

Conditions and events after the end of the reporting year

In 2022, in order to meet minimal capital requirements according to respective country laws, the Company invested into the share capital of the Estonian subsidiary in total an amount of EUR 1 550 000, into the share capital of the Finnish subsidiary in total an amount of EUR 500 000, into the share capital of Swedish subsidiary in total an amount of EUR 250 000, and all investments are used, among others, to settle liabilities towards other Storent Group companies.

In February 2022, Storent Investments AS ("the Issuer") announced an instigation of written procedure for receipt of consent of Noteholders holding the Notes to amend Terms and Conditions. In accordance with the proposed amendments to the Terms and Conditions, the Issuer proposes to modify Shareholders Equity to Assets Ratio covenant to include in the equity calculation also loans from the Issuer's shareholders and to modify Net Debt/EBITDA Ratio covenant to exclude loans from the Issuer's shareholders from the net indebtedness of the Issuer. This will allow the Issuer to safely comply with the financial covenants until maturity of the Notes. On 28 February 2022, voting has been closed and amendments have been approved.

Levina Investments S.a.r.l. has agreed to postpone the repayment of loan received by Storent Holding Finland Oy by additional one year, and the final due date of the loan is December 2023. Amendments to the agreement have been signed in March 2022.

As a result of military actions started by the Russian Federation in Ukraine on 24 February 2022, the Group will apply all sanctions, business restrictions, etc. initiated and introduced by the local and foreign authorities, and will disclose information that has significant impact on the Group's and the Company's operations to investors in accordance with the procedure prescribed by the legal acts. It is important to note that the procedure for the implementation of international sanctions and restrictive measures in the Republic of Latvia is regulated by the Latvian Law on the Implementation of Economic and Other International Sanctions and other related legal acts. Despite the fact that the Baltics have very limited direct economic relations with Russia, the crisis is likely to impact energy carriers' prices as the Baltics, while being able to meet their energy demand without Russia, will be using more expensive alternatives. The construction sector is also likely to be affected as many construction materials, which used to come from Russia and Belarus, now need to be imported from elsewhere, at least until the current level of the conflict remains. The exact effects of these trends cannot be presently estimated. Today's situation shows that market adapts to changes, and demand for rental equipment is as usual for the beginning of the construction season.

As of the last day of the reporting year until the date of signing these separate financial statements, there have been no other events requiring adjustment of or disclosure in the separate financial statements or notes thereto.

The management report was signed on 28 April 2022 on the Company's behalf by:

Andris Bisnieks Member of the Board	Andris Pavlovs Member of the Board

The annual report was approved at the general shareholders' meeting on ____________ 2022

Statement of management's responsibility

The management of Storent Investments AS confirms that the separate financial statements have been prepared in accordance with the applicable legislation requirements and present a true and fair view of the AS Storent Investments financial position as at 31 December 2021 and as at 31 December 2020 and its financial performance and cash flows for the years 2021 and 2020 then ended. The management report contain a clear summary of AS Storent Investments and its subsidiaries business development and financial performance. The financial statements have been prepared according to the International Financial Reporting Standards as adopted by the European Union. During the preparation of the AS Storent Investments financial statements the management:

- used and consequently applied appropriate accounting policies;
- provided reasonable and prudent judgments and estimates;
- applied a going concern principle unless the application of the principle wouldn't be justifiable.

AS Storent Investments management is responsible for maintaining appropriate accounting records that would provide a true and fair presentation of the AS Storent Investments financial position at a particular date and financial performance and cash flows and enable the management to prepare the financial statements according to the International Financial Reporting Standards as adopted by the European Union.

This statement of management's responsibility was signed on 28 April 2022 on the Company's behalf by:

Andris Bisnieks Member of the Board	Andris Pavlovs Member of the Board

Separate statement of comprehensive income

	Note	2021 EUR	2020 EUR
Net revenue	3	4 866 944	5 559 964
Personnel costs	8	(1 454 981)	(1 736 449)
Other operating expenses	4	(1 525 759)	(2 005 176)
Depreciation and amortization	5	(964 461)	(965 657)
Interest and similar income	6	2 108 158	589 621
Interest payments and similar expenses	7	(885 742)	(1 522 447)
Impairment losses	11,20b	(2 690)	(3 747 244)
Profit (loss) before income tax		**2 141 469**	**(3 827 388)**
Corporate income tax		-	-
Profit (loss) after calculation of the corporate income tax		**2 141 469**	**(3 827 388)**
Profit (loss) of the reporting year		**2 141 469**	**(3 827 388)**

The notes on pages 12 to 41 are an integral part of these financial statements.

These separate financial statements were signed on 28 April 2022 on the Company's behalf by:

Andris Bisnieks
Member of the Board

Andris Pavlovs
Member of the Board

Marina Grigore
Chief Accountant

Separate statement of financial position

ASSETS	Note	2021	2020
NON-CURRENT ASSETS		**EUR**	**EUR**
Intangible assets			
Development of intangible assets		985 288	418 813
Licenses and similar rights		20 798	52 140
Other intangible investments		1 023 726	1 416 174
TOTAL	9	**2 029 812**	**1 887 127**
Property, plant and equipment			
Other fixed assets		55 654	64 053
TOTAL	9	**55 654**	**64 053**
Rights of use assets			
Licenses and similar rights		23 806	49 774
Other fixed assets		13 189	77 089
TOTAL	10	**36 995**	**126 863**
Other non-current assets			
Investments in subsidiaries	11	40 289 275	37 389 275
Loans to related parties	20b	1 393 651	3 701 825
TOTAL		**41 682 926**	**41 091 100**
TOTAL NON-CURRENT ASSETS		**43 805 387**	**43 169 143**
CURRENT ASSETS			
Trade and other receivables			
Trade receivables		4 390	2 664
Trade receivables from related parties	20a	1 033 971	2 450 811
Other receivables	12	7 774	7 774
Deferred expenses	13	26 384	133 885
TOTAL		**1 072 519**	**2 595 134**
Cash and cash equivalents	14	53 588	1 937 007
TOTAL CURRENT ASSETS		**1 126 107**	**4 532 141**
TOTAL ASSETS		**44 931 494**	**47 701 284**

The notes on pages 12 to 41 are an integral part of these financial statements.

These separate financial statements were signed on 28 April 2022 on the Company's behalf by:

Andris Bisnieks
Member of the Board

Andris Pavlovs
Member of the Board

Marina Grigore
Chief Accountant

Separate statement of financial position

EQUITY AND LIABILITIES	Note	2021	2020
EQUITY		**EUR**	**EUR**
Share capital	15	33 316 278	33 316 278
Accumulated losses:			
Previous reporting periods retained earnings / (uncovered losses)		(1 297 947)	2 529 441
Profit (loss) of the reporting year		2 141 469	(3 827 388)
TOTAL EQUITY		**34 159 800**	**32 018 331**
LIABILITIES			
Non-current liabilities			
Lease liabilities	23	40 947	78 976
Borrowings from related parties	20c	-	651 162
Other borrowings	21	1 504 527	3 107 487
Issued bonds	22	-	3 340 561
TOTAL		**1 545 474**	**7 178 186**
Current liabilities			
Lease liabilities	23	8 283	54 922
Issued bonds	22	4 838 565	4 105 907
Borrowings from related parties	20c	1 935 000	-
Other borrowings	21	1 766 203	3 328 932
Trade payables		437 982	443 076
Payables to related parties	20a	-	249 182
Taxes and mandatory state social insurance contribution	19	22 985	43 350
Other provisions	16	70 683	62 864
Other liabilities	17	45 321	55 057
Accrued liabilities	18	101 198	161 477
TOTAL		**9 226 220**	**8 504 767**
TOTAL LIABILITIES		**10 771 694**	**15 682 953**
TOTAL EQUITY AND LIABILITIES		**44 931 494**	**47 701 284**

The notes on pages 12 to 41 are an integral part of these financial statements.

These separate financial statements were signed on 28 April 2022 on the Company's behalf by:

Andris Bisnieks
Member of the Board

Andris Pavlovs
Member of the Board

Marina Grigore
Chief Accountant

Separate statement of cash flows

	Note	2021	2020
Cash flows from operating activities		**EUR**	**EUR**
Profit / (loss) before Income tax of the reporting period		2 141 469	(3 827 388)
Adjustments:			
Amortisation of intangible assets	5	881 790	864 042
Depreciation of fixed assets	5	82 671	101 615
Loss from fixed assets disposals		43 303	54 904
Impairment losses on investments in related parties	11, 20b	-	3 726 319
Income from investments in related parties	6	(2 011 114)	(173 718)
Interest payments and similar expenses	7	882 294	1 508 094
Interest and similar income	6	(88 139)	(415 825)
Result of operations before changes in working capital		***1 932 274***	***1 838 043***
Decrease / (increase) in receivables		1 609 041	6 632 930
(Decrease)/ increase in payables		(346 508)	(235 857)
Gross cash flows from operations		***3 194 807***	***8 235 116***
Interest expenses		(737 577)	(1 359 727)
Net cash flows from operating activities		**2 457 230**	**6 875 389**
Cash flows from investing activities			
Acquisition of intangible investments and fixed assets	9,10	(1 052 182)	(1 218 609)
Received dividends		2 011 114	173 718
Acquisition of shares of subsidiaries	11	(2 900 000)	(7 585 743)
Loan repayment		2 714 673	4 970 000
Loans issued		(409 190)	(521 151)
Net cash flows from investing activities		**364 415**	**(4 181 785)**
Cash flows from financing activities			
Income from issued bonds		-	200 000
Loans received		1 935 000	-
Repayment of borrowings and bonds		(6 555 396)	(3 399 726)
Lease payments		(84 668)	(81 289)
Net cash flows from financing activities		**(4 705 064)**	**(3 281 015)**
Net (Decrease) / increase in cash		(1 883 419)	(587 411)
Cash at the beginning of the reporting year		1 937 007	2 524 418
Cash at the end of the reporting year	14	**53 588**	**1 937 007**

The notes on pages 12 to 41 are an integral part of these financial statements.
These separate financial statements were signed on 28 April 2022 on the Company's behalf by:

Andris Bisnieks
Member of the Board

Andris Pavlovs
Member of the Board

Marina Grigore
Chief Accountant

Separate statement of changes in equity

	Share capital	Previous years retained earnings/ (uncovered losses)	Profit/ (loss) of the reporting year	Total
	EUR	EUR	EUR	EUR
31 December 2019	**33 316 278**	**1 566 125**	**963 316**	**35 845 719**
Carrying over of profit of the	-	963 316	(963 316)	-
Loss for the reporting year	-	-	(3 827 388)	(3 827 388)
31 December 2020	**33 316 278**	**2 529 441**	**(3 827 388)**	**32 018 331**
Carrying over of profit of the	-	(3 827 388)	3 827 388	-
Profit for the reporting year	-	-	2 141 469	2 141 469
31 December 2021	**33 316 278**	**(1 297 947)**	**2 141 469**	**34 159 800**

The notes on pages 12 to 41 are an integral part of these financial statements.

These separate financial statements were signed on 28 April 2022 on the Company's behalf by:

Andris Bisnieks
Member of the Board

Andris Pavlovs
Member of the Board

Marina Grigore
Chief Accountant

Notes to the separate financial statements

1. General information about the Company

STORENT INVESTMENTS AS (hereinafter – the Company) was registered in the Register of Enterprises of the Republic of Latvia on 7 October 2014. Registered address of the Company is Matrožu iela 15a, Riga. In November 2014 the Company became the Parent company of the Storent Group. Starting from 20 November 2014 the largest shareholder of the Parent company of the Storent Group is LEVINA INVESTMENTS S.A.R.L (Luxembourg) and ultimate controlling party is Convering Europe Fund III (SCS) SICAR. LEVINA INVESTMENTS S.A.R.L as an investment entity does not prepare consolidated financial statements.

The main type of activity of the Company is related to provision of all the companies of the Storent group with financial resources, maintenance of the Storent brand and information technology systems, as well as provision of management services of related companies.

The separate financial statements of the Company for 2021 were approved by the decision of the Board on 28 April 2022. Shareholders have the right to reject the financial statements prepared and issued by the Board and to request that new financial statements are prepared.

2. Summary of significant accounting policies

(a) The framework for the preparation of financial statements

The Company's separate financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by the European Union (EU) and the interpretations issued by the International Financial Reporting Issues Committee as adopted by the EU.

The amounts shown in these Financial Statements are derived from the Companies accounting records, appropriately reclassified for recognition, measurement and presentation in accordance with the IFRS as adopted by the EU.

The financial statements were prepared according to the historical cost basis. The monetary unit used in the financial statements is the official currency of the Republic of Latvia – the Euro. The financial statements cover the period from 1 January 2021 until 31 December 2021. The financial statements have been prepared in accordance with below mentioned measurement and recognition principles. These principles were also used in the previous reporting year, unless stated otherwise. The consolidated financial statements of STORENT INVESTMENTS AS are prepared separately.

(b) Use of estimates and judgements

Requirements of IFRS as adopted by EU set out that the preparation of financial statements requires the management of Company to make assumptions that affect the amounts of assets, liabilities reported in the statements and off-balance at the day of preparation of financial statements, as well as shown income and expenses of the reporting period. Actual results could differ from these estimates.

The following are the critical judgments and key estimates concerning the future, and other key sources of estimation uncertainty, which exist at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities during the next reporting period. The most critical areas related to estimates of the recoverable amount of investments in subsidiaries and the recoverable amount of loans granted, as well as the judgment on the Company's ability to continue as a going concern.

The Company's ability to continue as a going concern
The Company's management evaluates the actual and potential impact of the Covid-19 pandemic and geopolitical situation in the markets where Group operates on the economic activities and financial results of the Company and its subsidiaries. Management has prepared the projected financial results and cash flows for 2022 demonstrating the Company's and its subsidiaries' ability to continue as going concern and has already begun to take steps to address the expected liquidity and profitability shortages. For more information, see Note 28.

Recoverable value of investments in subsidiaries
The Company management evaluates the carrying amounts of investments in subsidiaries and assesses whenever indications exist that assets' recoverable amounts are lower than their carrying amounts. The Company management calculates and records an impairment loss on investments in subsidiaries based on the estimates related to the future return on them. Taking into consideration the 5-year business plan for each of the subsidiaries, the Company's management considers that no significant adjustments to the carrying amounts of investments in subsidiaries are necessary as of 31 December 2021. Please see Note 11 for more information.

Recoverable value of intangible assets
The Company's management evaluates the carrying amounts of intangible assets and assesses whenever indications exist that the assets' recoverable amounts are lower than their carrying amounts. The Company's management calculates and records an impairment loss on intangible assets based on the estimates related to the expected future use, alienation or sale of the assets. Taking into consideration the Company's planned level of activities, the Company's management considers that no significant adjustments to the carrying amounts of intangible assets fixed assets are necessary as of 31 December 2021. See Notes 9 and 11 for more information.

2. Summary of significant accounting policies (cont.)

(b) Use of estimates and judgements (cont.)

Impairment losses on doubtful and bad debts, including recoverable amount of loans granted

The Company's management assesses the carrying amount of receivables and their recoverability, establishing provisions for doubtful and bad debts, if necessary. The entity applies a simplified approach to trade receivables and recognizes life losses on receivables based on a historical analysis of credit losses and also taking into account expected future developments. Expected creditors' losses from receivables are calculated based on assumptions about default risk and expected loss level. In making these assumptions and selecting data for the calculation of impairment, the Company takes into account its experience, current market conditions, as well as future estimates at the end of each reporting period. Expected credit losses on receivables and loans to related parties are assessed by determining and applying by the management the probability of default of each receivable and the expected loss in the event of default. The Company's management has assessed receivables and believes that no significant additional provisions are required as at 31 December 2021. See Note 2. (h) and Note 25 for more information.

Useful lives of intangible assets and fixed assets

Useful lives of intangible assets and fixed assets are reviewed at each balance sheet date and changed, if necessary, to reflect the Company's management current view on their remaining useful lives in the light of changes in technology, the remaining prospective economic utilization of the assets and their physical condition.

(c) Foreign currency conversion

The monetary unit used in the financial statements is the official currency of the European Union (hereinafter – "EUR"), which is Company's functional and presentation currency.

All transactions in foreign currency are converted to EUR based on the European Central Bank exchange rate on trade date. On the balance sheet date, foreign currency monetary assets and liabilities are translated at the European Central Bank exchange rate as at 31 December.

European Central Bank exchange rates:

	31.12.2021. EUR	**31.12.2020. EUR**
1 USD	0.88292	0.81493
1 GBP	1.19007	1.11231
1 NOK	0.10011	0.09551
1 SEK	0.09755	0.09966
1 RUB	0.01172	0.01093

Profit or losses from these transactions, as well as from the foreign currency monetary assets and liabilities denominated in EUR, are recognized in the income statement.

(d) Intangible assets

Intangible assets are measured at historic cost amortized on a straight-line basis over the useful life of the assets, taking into account that useful life is 3-5 years. Amortization of the remaining parts is calculated, using approximation methods in order to genuinely reflect their useful life. If some events or a change in conditions indicates that the carrying value of an intangible asset may not be recoverable, the value of the respective intangible asset is reviewed for impairment. Impairment loss is recognized if the carrying value of the intangible assets exceeds its recoverable amount.

Development of intangible assets

According to IAS 38, an intangible asset arising from a development should be recognized only if the Company can demonstrate all of the following:

a) the technical justification that the intangible asset can be completed so that it is available for use or sale;
b) its intention to complete the intangible asset and use or sell it;
c) its ability to use or sell the intangible asset
d) how the intangible asset will generate probable future economic benefits. Among other things, the Company may demonstrate the existence of an intangible asset or the market for the intangible asset itself or, if it is intended for internal use, the usefulness of the intangible asset;
e) the availability of sufficient technical, financial and other resources to complete the development of the intangible asset and to use or sell it;
f) its ability to measure reliably the expenditure attributable to the intangible asset during its development.

2. Summary of significant accounting policies (cont.)

(d) Intangible assets (cont.)

A project initiated by the Company meets all the above criteria. The item “Development of intangible assets” currently includes only those costs that the Company can reliably estimate. The development of intangible assets was started in 2020 and, in accordance with the Company's management plans, will be continued in 2022. This intangible asset is recognized as a corporate asset because it cannot generate independent cash flows but will be used in the operations of all Group companies. At the end of 2021, this item was not assessed separately and was included in the impairment test of total assets, allocating this item by CGU equal to the current IT cost allocation in the Storent group. Please also refer to note 2.(g) and note 11.

(e) Property, plant and equipment

Property, plant and equipment are carried in their historic cost less accumulated depreciation and impairment losses, if any. Depreciation is calculated using the straight-line method to allocate the cost of the assets over their estimated useful lives:

Other fixed assets	2 - 5 years.

Depreciation is charged in the month when an item of property, plant or equipment was put into operation or used for business purposes. Each part of an item of property, plant and equipment with a cost that is significant in relation to the total costs of the item shall be depreciated separately. If the company depreciates some parts of a fixed asset individually, the remaining parts of this fixed asset are also depreciated individually. The balance consists of those parts of the fixed asset, which are not important by themselves. Depreciation methods, useful lives and residual values are reviewed at each reporting date and, if appropriate, amended.

If events or changes in circumstances indicate that the carrying amount of an item of property, plant and equipment may not be recoverable, the carrying amount of the item is reviewed for impairment. See Note 2. (g) for more details.

The carrying amount of an item of property, plant and equipment is derecognized on disposal or when no future economic benefits are expected from its use or disposal. The gain or loss (calculated as a difference between net disposal proceeds and the carrying amount of the item of item of fixed asset) arising from the derecognition of an item of property, plant and equipment is recognized in profit or loss in the period when the item is derecognized.

(f) Investments in subsidiaries

Investments in subsidiaries (i.e., where the Company holds more than 50% of interest in the share capital or otherwise controls the investee company) are measured initially at cost. Control is achieved where the Company has the power to govern the financial and operating policies of the investee company, and if Company has opportunity to reap the return of investments from the exercise of such powers.

Subsequent to initial recognition, all investments are stated at historical cost less any accumulated impairment losses. The carrying amounts of investments are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Impairment loss is recognized in the statement of profit and loss. Please also refer to note 2.(g).

(g) Impairment of non-financial assets

At the end of each reporting period, the Company reviews whether there is any indication that an asset, t.i. intangible assets, fixed assets and investments in subsidiaries, may be impaired. Such verification is performed at the level of the Storent Group's cash-generating units (CGU) level. Each of the Company's subsidiaries is identified as a separate CGU. Intangible assets owned by the Company are allocated to the CGU for impairment assessment in the same way as the distribution of current IT costs in the Storent Group. If any such indication exists or if the CGU annual impairment test needs to be done, the Company estimates the recoverable amount of the relevant CGU. The recoverable amount of a CGU is its fair value less costs to sell or value in use, whichever is greater.

To determine impairment, assets are grouped at the lowest levels for which there are separately identifiable planned utilization efficiencies. If the carrying amount of a CGU exceeds its recoverable amount, the CGU is impaired and the carrying amount of the CGU is written down to its recoverable amount. For determining the value in use, the planned load of the equipment used by the CGU and the average rental price are taken into account, as a result, the planned revenue and the payback period of the initial investment are calculated. Impairment losses are recognized in the comprehensive income statement. Please also see Note 11.

At each balance sheet date, the Company reviews whether there is any indication that impairment loss recognized for an asset, except for goodwill, in prior periods could have reduced or no longer exist. If such indications exist the Company estimates the recoverable amount of the respective asset. Previously recognized impairment loss is reversed when and only when the estimates on the basis of which the recoverable amount of the asset was determined have changed since the last time the impairment loss was recognized. In such a case the carrying amount of an asset is increased to its recoverable amount. Where the value of an asset has increased, the carrying amount of the asset may not exceed as a result of the increase in the carrying value which would have resulted less depreciation were impairment loss not recognized in respect of the asset in prior years. Such increase in value is recognized in income statement.

2. Summary of significant accounting policies (cont.)

(h) Financial assets and financial liabilities

Financial assets

Recognition, classification and subsequent measurement

A financial asset is recognised in the statement of financial position when the Company becomes party to a contract that is a financial instrument.

On initial recognition, the Company classifies and measures a financial asset at amortised cost if it meets both of the following conditions and is not designated as at FVTPL with recognition in the income statement:

- 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 (SPPI) on the principal amount outstanding.

The Company classifies its financial assets as financial assets at amortised cost in line with its business model to hold the financial assets and collect the contractual cash flows, which consist only of payments of principal and interest on the outstanding principal amount. The assets in the statement of financial position that belong to this category are Loans to related parties, Trade receivables, Trade receivables from related parties and Other receivables.

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 consolidated statement of comprehensive income. Any gain or loss on derecognition is recognised in consolidated statement of comprehensive income.

A financial asset is derecognized if:

- The contractual rights to the cash flows from the financial asset expire;
- The Company retains the contractual rights to receive the cash flows of the financial asset, but assumes a contractual obligation to pay cash flows without material delay to a third party based on and earlier arrangement without any profit arising,
- The Company transfers the contractual rights to receive the cash flows of the and either (a) it transfers substantially all the risks and rewards of ownership of the financial asset to a third party, or (b) it neither transfers no retains substantially all the risks and rewards of ownership of these assets but has transferred control over the item of financial asset.

Impairment of financial assets

- Loans to related parties and trade receivables from related parties

The Company recognizes expected credit losses on issued loans, which are measured at amortized cost, even if no credit loss has occurred. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since the date of initial recognition of the financial asset or the previous reporting date. Expected credit losses on loans to related parties and receivables from related parties are estimated using the EAD x PD x LGD approach, with management individually determining the default exposure (EAD) of each obligor and applying the probability of default (PD) and expected loss for each obligor (LGD).

Taking into account that the cash flows of the Storent Group are centrally controlled, at the end of reporting period it is known how the cash flows from related parties will be, the Company's management has determined that the credit risk of the subsidiaries has not increased significantly since the date of initial recognition of the financial asset or the previous reporting date.

Taking into account the above, the Company's management believes that as at 31 December 2021 and 31 December 2020, additional provisions for possible credit losses from debts of related companies and loans to related companies are not required.

- Trade receivables and Other receivables

The Company applies the simplified approach under IFRS 9. The Company always recognises expected lifetime credit losses over the life cycle for trade receivables and other receivables. Lifetime credit losses represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. The expected credit losses on these financial assets are estimated using a provision matrix based on the Company's historical credit loss experience over a two-year period, adjusted for factors that are specific to the debtors.

The Company considers a financial asset to be in default when the borrower is in significant financial difficulty and is unlikely to pay its credit obligations to the Company in full, without recourse by the Company to actions such as realising security (if any is held); or the financial asset is more than 90 days past due. Such financial assets in default are considered to be credit-impaired.

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets. Debts are written off when their recovery is considered impossible.

2. Summary of significant accounting policies (cont.)

(h) Financial assets and financial liabilities (cont.)
Financial liabilities

Recognition, classification and subsequent measurement
A financial liability is recognised in the statement of financial position when the Company becomes party to a contract that is a financial instrument.

All of the Company's financial liabilities are classified as measured at amortised cost.

Financial liabilities are subsequently measured in fair value of the borrowing less costs associated with obtaining the borrowing. These costs are an integral part of the effective interest rate of the borrowings and are accounted for as an adjustment to the effective interest rate.

Financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in consolidated statement of comprehensive income. Any gain or loss on derecognition is also recognised in consolidated statement of comprehensive income.

A financial liability is derecognized, if the obligation specified in the contract is discharged or cancelled or expired. 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 comprehensive income.

Where there has been an exchange between an existing borrower and lender of debt instruments with substantially different terms, or there has been a substantial modification of the terms of an existing financial liability, this transaction is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The difference between the respective carrying amounts is recognized in consolidated statement of comprehensive income.

Change in the terms of a financial liability
When changes in the contractual terms of a financial liability, such as expected cash flow dates, an assessment is made as to whether the change is material and, accordingly, it is necessary to derecognise the liability. To determine whether the change is significant, the Company evaluates qualitative factors and whether the difference between the carrying amount and the discounted value of the changed expected future cash flows, applying the original effective interest rate of the financial liability, is equal to or greater than 10 percent. If a change in such contractual terms is recognized as material, it results in derecognition of the financial liability, the estimated fair value of the liability is treated as a settlement of the existing financial liability, and the new liability is recognized at fair value plus transaction costs. If the contractual condition is not recognized as material, the liability is not derecognised, the Company recalculates the gross carrying amount of the financial liability and recognizes the gain or loss in the income statement.

Financial guarantees
The Company has issued a number of guarantees in favor of third parties for the liabilities of its subsidiaries. In assessing guarantees, the Company applies the method described above to determine the expected credit losses on loans to related parties and receivables from related parties, where EAD corresponds to the guaranteed amount at the end of the relevant period.

Offsetting
Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company 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.

(i) Cash and cash equivalents
Cash and cash equivalents include cash in bank and in hand, deposits held at call with banks with original maturities of three months or less.

(j) Provisions
Provisions are recognised, when the Company has present obligation (legal or constructive) due to any past event and there is a probability that an outflow of resources from the Company including economic benefits will be required to settle this obligation, and the amount of the obligation can be measured reliably.

(k) Accrued liabilities for unused vacations
The amount of accrued liabilities is determined by multiplying average daily earnings of employees in the last 6 months by the number of unused vacation days accumulated at the end of the reporting year, in additional calculating employer's mandatory state social insurance contributions.

(l) Contingent liabilities and assets
No contingent liabilities are recognised in these financial statements. Contingent liabilities are recognised only if it the probability that an outflow of resources will be required is reasonably certain. Contingent assets in these financial statements are not recognised, yet they are reflected solely where the possibility that economic benefits related to operations will reach the Company is sufficiently substantiated.

2. Summary of significant accounting policies (cont.)

(m) Leases

The Company as lessee

The Company assesses whether a contract is or contains a lease, at inception of the contract. The Company recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets (such as tablets and personal computers, small items of office furniture and telephones). The term of contract is assessed on the following criteria: the contract is concluded for a specified period; the end of the lease term is stipulated in the agreement and the further extension of the agreement must be agreed with the cooperation partner by concluding additional agreements. For these leases, the Company recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the lessee uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise:
- Fixed lease payments (including in-substance fixed payments), less any lease incentives receivable;
- Variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- The amount expected to be payable by the lessee under residual value guarantees;
- The exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- Payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is presented as a separate line in the statement of financial position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Company remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:
- The lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate;
- The lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using an unchanged discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used);
- A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated over period of lease term.

(n) Revenue recognition

The Company has applied and recognises income, using a 5-step model. The model consists of:
- Determination of contractual relations;
- Determination of contract performance obligation;
- Determination of transaction price;
- Attribution of transaction price to the performance obligation;
- Recognition of income, when the Company has fulfilled the performance obligation.

The following criteria are used for determination of contractual relations:
- The contractual parties have approved a contract and are committed to fulfil their liabilities;
- The Company may identify the rights of each party in relation to deliverable goods or services;
- The Company may identify settlement procedures for the goods or services;
- The contract has commercial nature;
- There is high possibility, that the Company will charge remuneration due to it in exchange for goods or services that will be transferred to the customer.

2. Summary of significant accounting policies (cont.)

<u>*Management and consulting services*</u>

Fees for the provision of management and consultancy services are treated as variable remuneration because their amount is determined on the basis of the actual costs of the services provided. Revenue from variable remuneration is recognized by the Company only when it is probable that the uncertainty surrounding the variable remuneration will be resolved and the amount of cumulative revenue recognized will not be significantly reduced. Management and consulting fees are calculated and recognized and invoiced on a monthly basis when the actual costs are recorded and the uncertainty surrounding the variable remuneration is resolved. The Company is not required to make significant judgments in determining the transaction price or the fulfillment of these performance obligations.

A performance obligation exists when there is a good or service that is severable or when there is a series of separate goods or services that are substantially the same. The Company's performance obligations are set out in its agreements with service recipients.

Determination of the transaction price and attribution to the performance obligation - the Company determines the transaction price in contracts with service recipients for each performance obligation separately, which directly depends on the Company's actual costs for the performance of the respective performance obligation, therefore attribution is not necessary.

The Company uses the relief for the financing component and does not adjust the transaction price, as the time between the customer's payment and the performance obligation does not exceed one year.

(o) Corporate income tax and deferred corporate income tax

Corporate income tax expenses are included in financial statement based on management calculations according to laws of Republic of Latvia.

Based on the Corporate Income tax law of the Republic of Latvia, starting from 1 January 2018 corporate income tax is applicable to distributed profits and several expenses that would be treated as profit distribution. In case of reinvestment of profit, corporate income tax shall not be applied. The applicable corporate income tax rate is 20%.

In accordance with International Accounting Standard No 12 "Income Taxes" requirements, income tax includes only taxes, which are calculated based on taxable profit, thus corporate income tax calculated from the taxable base, which consists of conditionally distributed profit, is presented in Other operating expenses.

In accordance with International Accounting Standard No 12 "Income Taxes" requirements, in cases where income tax is payable at a higher or lower rate, depending on whether the profit is distributed, the current and deferred tax assets and liabilities are measured at the tax rate applicable to undistributed profits. In Latvia the applicable rate for undistributed profits is 0%. Therefore, no deferred tax assets and liabilities arise.

As a parent controls the dividend policy of its subsidiaries, it is able to control the timing of the reversal of temporary differences associated with these investments including the temporary differences arising from undistributed profits. In cases the parent has determined that subsidiary's profits will not be distributed in the foreseeable future the parent company does not recognize a deferred tax assets and liabilities.

(p) Transactions with related parties

Related parties represent both legal entities and private individuals related to the Group in accordance with the following rules:

a) person or a close member of that person's family is related to a reporting entity if that person:
   i. Has control or joint control over the reporting entity;
   ii. Has significant influence over the reporting entity; or
   iii. Is a member of the key management personnel of the reporting entity or of a parent of the reporting entity.

b) An entity is related to a reporting entity if any of the following conditions applies:
   i. The entity and the reporting entity are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others);
   ii. One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member);
   iii. Both entities are joint ventures of the same third party;
   iv. One entity is a joint venture of a third entity and the other entity is an associate of the third entity;
   v. The entity is a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity. If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity;
   vi. The entity is controlled, or jointly controlled by a person identified in a);
   vii. A person identified in a) i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).
   viii. The entity, or any member of the group of which it is a part, provides key management personnel services to the reporting entity or to the parent of the reporting entity.

2. Summary of significant accounting policies (cont.)

(q) Post balance sheet events

Only such post balance sheet events are presented in the financial statements which provide additional information on the Company's financial position at balance sheet date (adjusting events). If post balance sheet events are not adjusting, they are disclosed in the financial statements only if they are material.

(r) International Financial Reporting Standards

New standards and amendments to standards, including any consequential amendments to other standards, effective for annual periods beginning on 1 January 2021, have not had a material impact on these separate financial statements.

Standards issued but not yet effective

A number of new standards are effective for annual periods beginning after 1 January 2021 and earlier application is permitted; however, the Company has not early adopted the new or amended standards in preparing these separate financial statements.

The following new and amended standards effective for annual periods beginning after 1 January 2021 are not expected to have a significant impact on the Company's consolidated financial statements:

- **Amendments to IAS 37** – Onerous contracts – Cost of Fulfilling a Contract (effective for annual periods beginning on or after 1 January 2022, have not yet been adopted by the EU);
- **Annual Improvements to IFRS Standards 2018-2020** (effective for annual periods beginning on or after 1 January 2022, have not yet been adopted by the EU);
- **Amendments to IAS 16** – Property, Plant and Equipment: Proceeds before Intended Use (effective for annual periods beginning on or after 1 January 2022, not yet adopted by the EU);
- **Reference to Conceptual Framework** – Amendments to IFRS 3 (effective for annual periods beginning on or after 1 January 2022, have not yet been adopted by the EU);
- **Amendments to IAS 1** – Classification of Liabilities as Current or Non-current (effective for annual periods beginning on or after 1 January 2023, have not yet been adopted by the EU);
- **IFRS 17 Insurance Contracts and amendments to IFRS 17 Insurance Contracts** (effective for annual periods beginning on or after 1 January 2023, have not yet been adopted by the EU).

IFRSs currently adopted by the EU do not differ materially from those adopted by the International Accounting Standards Board (IASB), except for some of the above-mentioned standards, amendments to existing standards and interpretations not yet endorsed by the EU on 31 December 2021 (effective dates refer to IFRSs, issued by the IASB).

The Company decided not to introduce new standards, amendments to existing standards and interpretations before their effective date. The Company anticipates that the adoption of these standards and amendments to existing standards will not have a material impact on the Company's financial statements in the period of initial application.

3. Net revenue

By type of services		2021 EUR	2020 EUR
Management and consultancy services to related parties		4 861 227	5 528 877
Revenue from the sale of inventories		-	24 793
Rental revenue from related parties		5 717	6 294
	TOTAL:	**4 866 944**	**5 559 964**

The Company has no contract liabilities from contracts with customers. Contracts assets from contracts with customers are reflected in the items Trade receivables and Trade receivables from related companies:

		2021 EUR	2020 EUR
Trade receivables		4 390	2 664
Trade receivables from related parties		1 033 971	2 450 811
	TOTAL:	**1 038 361**	**2 453 475**

By geographical area		2021 EUR	2020 EUR
Latvia		1 725 469	1 746 130
Finland		1 140 995	1 606 779
Lithuania		1 082 846	1 012 141
Estonia		624 491	762 933
Sweden		254 004	364 622
Russia		39 139	67 359
	TOTAL:	**4 866 944**	**5 559 964**

4. Other operating expenses

		2021 EUR	2020 EUR
IT expenses		945 247	1 176 643
Insurance costs		134 622	158 331
Administration transport costs		103 872	100 330
Consultancy services *		78 936	151 205
Legal services		68 275	85 548
Short-term leases of offices and areas and maintenance costs		49 019	49 550
Marketing expenses		36 770	111 052
Communication expenses		4 567	6 299
Other administration expenses		104 451	166 218
	TOTAL:	**1 525 759**	**2 005 176**

4. Other operating expenses (cont.)

* including payments for audit and non-audit services to company KPMG Baltics SIA:

	2021 EUR	2020 EUR
Financial statement auditing services	47 882	41 200
Permitted tax services	79	79
TOTAL:	**47 961**	**41 279**

5. Depreciation and amortization

	2021 EUR	2020 EUR
Amortization of intangible assets (see Note 9)	881 790	864 042
Depreciation of fixed assets (see Note 9)	31 556	35 741
Amortization of rights of use assets (see Note 10)	51 115	65 874
TOTAL:	**964 461**	**965 657**

6. Interest and similar income

	2021 EUR	2020 EUR
Income from dividends*	2 011 114	173 718
Interest income from related parties	83 736	393 831
Proceeds from additional discounts	8 884	-
Repurchased bonds (price difference) (see Note 22)	4 403	21 994
Income from foreign exchange fluctuations	21	78
TOTAL:	**2 108 158**	**589 621**

*In 2021, the Company has received dividends income of EUR 1 935 452 from subsidiary Storent SIA and EUR 75 662 from subsidiary Storent OOO (2020: EUR 173 718 from subsidiary Storent OOO).

7. Interest payments and similar expenses

	2021 EUR	2020 EUR
Interest on borrowings	630 530	1 121 719
Interest on raised funding	198 587	351 864
Interest on loans received from related parties	53 177	34 511
Loss from foreign exchange fluctuations	3 448	14 353
TOTAL:	**885 742**	**1 522 447**

8. Personnel costs and number of employees

	2021 EUR	2020 EUR
Salaries	903 347	1 457 939
Remuneration to contractors	394 796	335 311
National social security mandatory contributions	213 365	351 320
Provisions for bonuses (change)	7 819	(364 951)
Other personnel costs	(64 346)	(43 170)
TOTAL:	**1 454 981**	**1 736 449**

Personnel costs by function:	2021 EUR	202 EUR
Administration and finance staff	1 454 981	1 736 449
TOTAL:	**1 454 981**	**1 736 449**

Incl. executive management remuneration:	2021 EUR	2020 EUR
Members of the Board		
Salaries	452 849	813 000
National social security mandatory contributions	106 835	195 864
TOTAL:	**559 684**	**1 008 864**

	2021	2020
Average number of employees during the reporting year	10	10
TOTAL:	**10**	**10**

9. Intangible assets and property, plant and equipment

	Development of intangible assets	Licenses and similar rights	Other intangible assets	Other fixed assets and inventory	TOTAL
31 December 2019	**EUR**	**EUR**	**EUR**	**EUR**	**EUR**
Historical cost	-	470 881	3 075 725	254 095	3 800 702
Accumulated amortisation and depreciation	-	(317 864)	(1 610 273)	(172 721)	(2 100 858)
Net carrying value	**-**	**153 018**	**1 465 452**	**81 374**	**1 699 844**
2020					
Net carrying value, opening	-	153 018	1 465 452	81 374	1 699 844
Additions	418 813	-	767 091	20 119	1 206 023
Disposals, net	-	(151 133)	(1 174)	(11 165)	(163 472)
Excluded depreciation	-	97 928	1 174	9 466	108 568
Accumulated amortisation and depreciation	-	(47 673)	(816 369)	(35 741)	(899 783)
Net carrying value	**418 813**	**52 140**	**1 416 174**	**64 053**	**1 951 180**
31 December 2020					
Historical cost	418 813	319 749	3 841 642	263 049	4 843 253
Accumulated amortisation and depreciation	-	(267 609)	(2 425 468)	(198 996)	(2 892 073)
Net carrying value	**418 813**	**52 140**	**1 416 174**	**64 053**	**1 951 180**
2021					
Net carrying value, opening	418 813	52 140	1 416 174	64 053	1 951 180
Additions	566 475	938	457 062	27 707	1 052 182
Disposals, net	-	(7 641)	(40 703)	(19 221)	(67 565)
Excluded depreciation	-	7 641	40 703	14 671	63 015
Accumulated amortisation and depreciation	-	(32 280)	(849 510)	(31 556)	(913 346)
Net carrying value	**985 288**	**20 798**	**1 023 726**	**55 654**	**2 085 466**
31 December 2021					
Historical cost	985 288	313 046	4 258 001	271 535	5 827 870
Accumulated amortisation and depreciation	-	(292 248)	(3 234 275)	(215 881)	(3 742 404)
Net carrying value	**985 288**	**20 798**	**1 023 726**	**55 654**	**2 085 466**

Fully amortized intangible assets and depreciated fixed assets

On 31 December 2021 intangible assets and fixed assets of the Company included assets with acquisition value of EUR 2 844 174 (31.12.2020.: EUR 1 960 486), which were completely written down into amortization and depreciation costs and are still actively used in economic activity. Most of these intangible and fixed assets consist of computer programs, which continue to be used, and for which annual maintenance and improvement fees are paid.

Development of intangible assets

In 2020, the Company has started to develop a new ERP system that meets the development trends of modern IT technologies in the business environment, especially as a result of Covid-19, and will provide effective accounting of rental processes, control procedures of the Company and its subsidiaries and operational information for the Company's management to make decisions. The item “Development of intangible assets” currently includes only those costs that the Company can reliably measure and that meet the IFRS criteria for capitalization.

10. Rights of use assets

	Licenses and similar rights	Other fixed assets and inventory	TOTAL
	EUR	EUR	EUR
2020			
Net carrying value, opening	-	90 129	90 129
Additions	77 908	24 701	102 608
Accumulated amortisation and depreciation	(28 134)	(37 741)	(65 875)
Net carrying value	**49 774**	**77 089**	**126 863**
31 December 2020			
Historical cost	77 908	168 737	246 645
Accumulated amortisation and depreciation	(28 134)	(91 648)	(119 782)
Net carrying value	**49 774**	**77 089**	**126 863**
2021			
Net carrying value, opening	49 774	77 089	126 863
Disposals, net	-	(81 844)	(81 844)
Excluded depreciation	-	43 091	43 091
Accumulated amortisation and depreciation	(25 968)	(25 147)	(51 115)
Net carrying value	**23 806**	**13 189**	**36 995**
31 December 2021			
Historical cost	77 908	86 893	164 801
Accumulated amortisation and depreciation	(54 102)	(73 704)	(127 806)
Net carrying value	**23 806**	**13 189**	**36 995**

The Company has entered into a Microsoft license lease and several car lease agreements as a lessee in accordance with IFRS 16. The average lease term is 3.5 years. The license lease term is 3 years. The maturity analyses of lease liabilities is presented in Note 23.

Amounts recognized in profit and loss:	Note	2021 EUR	2020 EUR
Amortization expense on right of use assets	10	(51 115)	(65 874)
Interest expenses on lease liabilities		(9 846)	(12 854)
Short term and low value lease expenses		(81 310)	(82 847)
	TOTAL:	**(142 271)**	**(161 575)**

11. Investments in subsidiaries

The Company had the following investments in its subsidiaries as at 31 December 2021:

Company	Address	%	31.12.2021 EUR	31.12.2020 EUR
STORENT SIA	Zolitūdes iela 89, Rīga, LV-1046, Latvia	100	10 921 613	10 921 613
STORENT UAB	Savanorių pr. 180B, Vilnius, LT-03154, Vilniaus m., Lithuania	100	11 842 694	9 942 694
STORENT OU	Betooni 15/Paneeli 5, Tallina, 11415, Estonia	100	13 683 177	13 683 177
STORENT OU	Impairment losses	100	(3 722 619)	(3 722 619)
STORENT Holding Finland OY	Virkatie 16, Vantaa, FI-01510, Finland	100	3 652 500	2 652 500
STORENT AS	PB 1441, Vika, N-0116, Oslo, Norway	100	3 700	3 700
STORENT AS	Impairment losses	100	(3 700)	(3 700)
STORENT AB	Arrendevagen 50, 163 44, Spanga, stokholma, Sweden	100	3 328 973	3 328 973
STORENT OOO*	4 Bolshaja Okruznaja ulica 33, 236009, Kaliningrad, Russian Federation	100	582 937	582 937
		TOTAL:	**40 289 275**	**37 389 275**

Summary about STORENT Holding Finland OY subsidiary

Company	Address	%	31.12.2021 EUR	31.12.2020 EUR
STORENT OY	Virkatie 16, Vantaa, FI-01510, Finland	100	3 658 409	2 658 409

* STORENT OOO
The Company management has evaluated the recoverable amount of each investment related to geopolitical situation with increased focus on entity in Russia, Kaliningrad. At the moment of issue of this report Storent OOO continues to operate without significant changes. Before 24 February 2022 Russia entity operated quite independently, management don't see any major risks for further business activities. Company monitors and follows sanction restrictions and so far they doesn't affect subsidiaries activities.

Movement of investments in subsidiaries	2021 EUR	2020 EUR
At the beginning of the year	**37 389 275**	**33 529 851**
Investment in Storent OU	-	3 600 000
Investment in Storent UAB	1 900 000	500 000
Investment in Storent AB	-	2 085 743
Investment in Storent Holding Finland Oy	1 000 000	1 400 000
Impairment charge	-	(3 726 319)
TOTAL:	**40 289 275**	**37 389 275**

Investments made in subsidiaries Storent UAB and Storent Holding Finland Oy in 2021 for the total amount of EUR 2 900 000 were made in cash by transferring the respective amounts to the bank accounts of the subsidiaries.

Movement of impairment	31.12.2021 EUR	31.12.2020 EUR
Impairment of investments in subsidiaries		
At the beginning of the year	**(3 726 319)**	**(307 026)**
Impairment for Storent OU	-	(3 419 293)
Total impairment of investments in subsidiaries:	**(3 726 319)**	**(3 726 319)**

Distribution of impairment by position		31.12.2021 EUR	31.12.2020 EUR
Investment in Storent OU	11	(3 722 619)	(3 722 619)
Investment in Storent AS	11	(3 700)	(3 700)
Total accruals for impairment:		**(3 726 319)**	**(3 726 319)**

11. Investments in subsidiaries (cont.)

Name	Country	Business	Establishment / purchase date
Company			
STORENT SIA	Latvia	Renting of construction machinery and equipment	April 17, 2008
STORENT UAB	Lithuania	Renting of construction machinery and equipment	November 27, 2008
STORENT OU	Estonia	Renting of construction machinery and equipment	July 7, 2009
STORENT Holding Finland OY	Finland	Activities of head offices	September 4, 2012
STORENT AS	Norway	Renting of construction machinery and equipment	January 15, 2013
STORENT AB	Sweden	Renting of construction machinery and equipment	June 27, 2013
STORENT OOO	Russian Federation	Renting of construction machinery and equipment	1 August 2017

Name	Audited 2021	Audited 2020	Profit(loss) of the reporting year 2021 EUR	Profit(loss) of the reporting year 2020 EUR	Equity 31.12.2021 EUR	Equity 31.12.2020 EUR
STORENT SIA	Yes	Yes	1 319 382	(289 168)	15 469 380	14 149 998
STORENT UAB	Yes	Yes	(184 727)	(1 521 053)	(1 448 512)	(1 263 785)
STORENT OU	Yes	Yes	(1 675 012)	(2 034 909)	(5 545 579)	(3 870 567)
STORENT Holding Finland OY	Yes	Yes	(876 222)	(732 354)	(794 259)	81 963
STORENT AS	No	No	(2 885)	(6 250)	(54 947)	(52 062)
STORENT AB	Yes	Yes	(464 899)	(1 106 857)	(595 328)	(130 429)
STORENT OOO	No	No	181 286	110 725	647 576	466 290
STORENT Holding Finland OY subsidiary:						
STORENT OY	Yes	Yes	(1 825 155)	(1 476 933)	(1 699 930)	125 224

The Company management has evaluated the recoverable amount of each investment. It has been evaluated whether ownership interest in subsidiaries has been impaired. When performing an impairment test for ownership interest in subsidiaries, the recoverable amount – value in use – is determined by discounting future cash flows of each subsidiary. The calculation is based on the following assumption: each subsidiary is considered to be a separate cash-generating unit (CGU). This test is performed also to assess the recoverability of capitalized development costs for intangible assets, which are allocated to the subsidiaries. Cash flows are planned based on actual results and 5-year business plan which uses the following assumptions: Storent Group's amortisation and depreciation costs, IT costs, management fee, insurance costs and interest expenses are allocated in the budget of each subsidiary according to fleet proportion in the subsidiary. By using the same fleet proportion all the Group's liabilities for equipment purchase are allocated in impairment calculation. Cash flows beyond that five-year period have been extrapolated using a steady 3 per cent (2020: 3 per cent) per annum growth rate. A post-tax discount rate of 10.24% (8,98% in 2020) was applied to determine the recoverable present value of assets. Discount rate forecasts are based on the actual cost of capital of Storent group companies

The recoverable amount of long-term investments largely depends on the assumptions used in the assessment relating to net turnover growth, EBITDA margin and growth rate, timing of growth, as well as the ability of Company's management to implement these assumptions and the development of the Baltic construction equipment rental market in general. Any unfavorable changes in these assumptions that may be caused by volatility of the market, in which the Company or its subsidiaries operate, may have a negative influence of the carrying amount of the Company's investments in subsidiaries reflected in the balance sheet as at 31 December 2021.

11. Investments in subsidiaries (cont.)

Sensitivity analysis

The Company has conducted an analysis of the sensitivity of the impairment test to changes in the key assumptions used to determine the recoverable amount for each of the CGUs. Analysis of the sensitivity is based on same assumptions as impairment test and as described above. Management estimated that all Baltic countries will reach a similar EBITDA margin level by increasing sales and significantly improving efficiency in Lithuania and Estonia. Covid-19 pandemic has been negatively impacted results in previous periods, with the introduction of online processes and improved efficiency, as well as increased sales and prices, will result in a relatively faster increase in EBITDA.

31.12.2021	**Latvia**	**Lithuania**	**Estonia**	**Finland**	**Sweden**	**Russian Federation**
EBITDA margin	16%-18% 2022-2026 in terminal year 16% (2021: actual 18%)	9%-18% 2022-2026 in terminal year 9% (2021: actual 16%)	1%-18% 2022-2026 in terminal year 1% (2021: actual -8%)	15%-18% 2022-2026 in terminal year 15% (2021: actual 14%)	14%-16% 2022-2026 in terminal year 14% (2021: actual 8%)	48%-40% 2022-2026 in terminal year 48% (2021: actual 51%)
EBITDA the growth rate	2%	9%	18%	3%	2%	-8%
Cash flow calculation periods	5 years + the terminal year	5 years + the terminal year	5 years + the terminal year	5 years + the terminal year	5 years + the terminal year	5 years + the terminal year
Discount rate	10,24%	10,24%	10,24%	10,24%	10,24%	10,24%
Terminal growth rate	0,59%	0,59%	0,59%	0,59%	0,59%	0,59%

31.12.2020	**Latvia**	**Lithuania**	**Estonia**	**Finland**	**Sweden**	**Russian Federation**
EBITDA margin	12%-16% 2021-2025 in terminal year 16% (2020: actual 18%)	12%-17% 2021-2025 in terminal year 17% (2020: actual 11%)	3%-14% 2021-2025 in terminal year 14% (2020: actual -6%)	24%-25% 2021-2025 in terminal year 25% (2020: actual 14%)	10%-19% 2021-2025 in terminal year 19% (2020: actual 4%)	36%-37% 2021-2025 in terminal year 37% (2020: actual 37%)
EBITDA the growth rate	4%	5%	9%	1%	9%	1%
Cash flow calculation periods	5 years + the terminal year	5 years + the terminal year	5 years + the terminal year	5 years + the terminal year	5 years + the terminal year	5 years + the terminal year
Discount rate	8,98%	8,98%	8,98%	8,98%	8,98%	8,98%
Terminal growth rate	0,62%	0,62%	0,62%	0,62%	0,62%	0,62%

11. Investments in subsidiaries (cont.)

Main key assumptions, that can affect recoverable amount and impairment change is EBITDA budget execution and WACC rate. The table below shows the impact of the change in these two assumptions on the value headroom/(impairment) of the cash-generating unit.

	Weighted average cost of capital 10,24% (8,98% in 2020)				EBITDA target reached by 90%			
	EBITDA target reached by 90%	EBITDA target reached by 80%	EBITDA target reached by 90%	EBITDA target reached by 80%	Weighted average cost of capital 9,24%	Weighted average cost of capital 11,24%	Weighted average cost of capital 7,98%	Weighted average cost of capital 9,98%
m EUR	**2021**	**2021**	**2020**	**2020**	**2021**	**2021**	**2020**	**2020**
Storent SIA	22,26	18,10	15,65	12,02	27,86	18,18	20,44	12,23
Storent UAB	10,45	7,82	12,56	10,19	14,07	7,82	15,91	10,18
Storent OU	1,09	-0,38	-0,31	-1,37	2,87	-0,25	1,35	-1,50
Storent AB	-0,14	-0,60	4,56	3,54	0,29	-0,47	5,98	3,54
Storent Oy	2,28	0,03	15,08	11,9	4,56	0,55	18,71	12,49
Storent OOO	1,54	1,28	0,50	0,33	1,75	1,38	0,66	0,38
KOPĀ:	**37,48**	**26,25**	**48,04**	**36,61**	**51,40**	**27,21**	**63,05**	**37,32**

Based on the calculations, a decrease in EBITDA would lead to the fact that the carrying amount of Estonian and Swedish subsidiaries, including the allocated corporate assets, may not reach the expected recoverable amount as of December 31, 2021. The management of the Storent Group, in close cooperation with the management of the Estonian and Swedish subsidiaries, carefully considers and implements the sales strategy in Estonia and Sweden in order to prevent non-compliance with the planned EBITDA level.

Management believes that reasonably possible changes in the key assumptions underlying the recoverable amount of other investments will not result in the total carrying amount exceeding the total recoverable amount of the related investments.

12. Other receivables

	31.12.2021 EUR	31.12.2020 EUR
Guarantee deposits	7 774	7 774
TOTAL:	**7 774**	**7 774**

13. Deferred expenses

	31.12.2021 EUR	31.12.2020 EUR
Software maintenance	17 255	119 605
Personnel expenses	3 771	11 343
Other deferred expenses	3 500	-
Insurance expenses	1 858	2 937
TOTAL:	**26 384**	**133 885**

14. Cash and cash equivalents

	31.12.2021 EUR	31.12.2020 EUR
Cash in bank, EUR	53 588	1 937 007
TOTAL:	**53 588**	**1 937 007**

15. Share capital

Registered share capital of the Company on 31.12.2021 and 31.12.2020 is EUR 33 316 278, consisting of 33 316 278 shares. The nominal value of a share is EUR 1. All shares have equal voting right and dividend entitlement.

Shareholders of the Company as at 31 December 2021:

Shareholder	**Country**		**Number of shares**	**Amount EUR**	**Participating interest**
"Levina Investments" S.A.R.L.	Luxembourg		24 320 882	24 320 882	73,0%
Supremo SIA	Latvia		4 497 698	4 497 698	13,5%
Bomaria SIA	Latvia		4 497 698	4 497 698	13,5%
		TOTAL:	**33 316 278**	**33 316 278**	**100%**

Shareholders of the Company as at 31 December 2020:

Shareholder	**Country**		**Number of shares**	**Amount EUR**	**Participating interest**
"Levina Investments" S.A.R.L.	Luxembourg		24 320 882	24 320 882	73,0%
Supremo SIA	Latvia		4 497 698	4 497 698	13,5%
Bomaria SIA	Latvia		4 497 698	4 497 698	13,5%
		TOTAL:	**33 316 278**	**33 316 278**	**100%**

16. Other provisions

	31.12.2021 EUR	**31.12.2020 EUR**
Provisions for personnel bonuses	70 683	62 864
TOTAL:	**70 683**	**62 864**

Changes in provisions can be reflected as follows:

	31.12.2021 EUR	**31.12.2020 EUR**
At the beginning of the year	**62 864**	**427 815**
Created provisions	71 297	96 913
Used provisions	(63 478)	(427 815)
Reversed provisions	-	(34 049)
At the ending of the year	**70 683**	**62 864**

17. Other liabilities

	31.12.2021 EUR	**31.12.2020 EUR**
Salaries payable	45 321	55 057
TOTAL:	**45 321**	**55 057**

18. Accrued liabilities

	31.12.2021 EUR	31.12.2020 EUR
Accrued liabilities for unused vacations	80 663	85 874
Accrued liabilities for audit services	12 600	12 360
Accrued liabilities for consultations received	3 971	53 300
Other accrued liabilities	3 964	9 943
TOTAL:	**101 198**	**161 477**

19. Taxes and mandatory state social insurance contributions

	31.12.2021 EUR	31.12.2020 EUR
National social security mandatory contributions	10 080	28 042
Personal income tax	12 985	15 408
Value added tax	(83)	(83)
Risk duty	3	(17)
TOTAL:	**22 985**	**43 350**

20. Transactions with related parties

20.(a) Transactions with related parties:

Related party Subsidiaries:	Year	Goods and services provided EUR	Interest income EUR	Goods purchased and services received EUR	Payables related parties EUR	Interest expenses EUR	Receivables from related parties EUR
STORENT SIA	2020	1 721 336	344 427	(96 796)	(238 053)	-	-
	2021	1 725 469	7 018	(85 243)	-	(22 048)	37 120
STORENT UAB	2020	1 012 142	-	-	-	-	1 217 599
	2021	1 082 847	-	-	-	-	9 914
STORENT OU	2020	762 933	19 083	-	(11 129)	-	-
	2021	624 491	2 455	-	-	-	440 506
STORENT Holding Finland OY	2020	-	28 620	-	-	-	37 177
	2021	-	35 573	-	-	-	72 750
STORENT AB	2020	364 622	-	-	-	-	78 646
	2021	254 004	-	-	-	-	65 651
STORENT AS	2020	-	1 701	-	-	-	7 074
Impairment loses (note 11)	2020	-	-	-	-	-	(7 074)
STORENT AS	2021	-	2 690	-	-	-	9 764
Impairment loses (note 11)	2021	-	-	-	-	-	(9 764)
STORENT OOO	2020	67 359	-	-	-	-	-
	2021	39 139	-	-	-	-	2 056
STORENT OY	2020	1 606 779	-	-	-	-	1 117 389
	2021	1 140 994	36 000	-	-	-	405 974
TOTAL 2020:		**5 535 171**	**393 831**	**(96 796)**	**(249 182)**	**-**	**2 450 811**
TOTAL 2021:		**4 866 944**	**83 736**	**(85 243)**	-	**(22 048)**	**1 033 971**

In 2021 the costs of services received from related parties were not capitalized. In 2020, Storent AB's debt for services provided was capitalized to investment in the subsidiary for the total amount of EUR 535 744.

20.(b) Loans to related parties

	Maturity date	Loan amount	Actual interest rate (%)	31.12.2021 EUR	31.12.2020 EUR
SIA “STORENT”	31.12.2022.	930 000	6	-	930 000
SIA “STORENT”	31.12.2022.	1 684 673	1.434	-	1 684 674
OY “STORENT Holding Finland”	31.12.2023.	793 651	6	793 651	487 151
OY ”Storent”	*	600 000	6	600 000	600 000
AS “STORENT”	31.12.2023.	44 224	6	44 224	44 224
Impairment losses AS “STORENT”				(44 224)	(44 224)
			Long term liabilities:	**1 393 651**	**3 701 825**
			Short term liabilities:	**-**	**-**

*Long-term capital loan without a specified maturity. The repayment shall be decided by the Board of Directors of Storent Oy. The Board of Directors shall notify the repayment to the Storent Investments at least thirty (30) days prior the repayment of capital. The principal of the Capital Loan may be repaid only to the extent that the amount of the unrestricted equity of the company added with all the capital loans of the company exceeds at the moment of the repayment the losses of the company according to the balance sheet of the last audited or later bookings.

Movement of impairment	31.12.2021 EUR	31.12.2020 EUR
Impairment of trade receivables from related parties and loans	**(51 298)**	**(30 373)**
Storent AS, trade receivables from related parties	(2 690)	(1 701)
Storent AS, loans	-	(19 224)
Total impairment of loans and receivables:	**(53 988)**	**(51 298)**

Distribution of impairment by positions	Note	31.12.2021 EUR	31.12.2020 EUR
Storent AS, trade receivables from related parties	20 (a)	(9 764)	(7 074)
Storent AS, loans	20 (b)	(44 224)	(44 224)
Total impairment of loans and receivables:		**(53 988)**	**(51 298)**

Loans to related parties issued without security and their recoverability is assessed individually.

20.(c) Borrowings from related parties

	Maturity date	Loan amount	Actual interest rate (%)	31.12.2021 EUR	31.12.2020 EUR
Bomaria SIA	31.12.2022	6 680 872	6	-	325 581
Supremo SIA	31.12.2022	6 680 872	6	-	325 581
Storent SIA	15.07-26.12.2022	1 935 000	6	1 935 000	-
			Long term liabilities:	**-**	**651 162**
			Short term liabilities:	**1 935 000**	**-**

Borrowings from related parties are received without security.

20.(d) Terms and conditions applicable to transactions with related parties

Unsettled liabilities have not been secured in any way at the end of the year, and settlements are made in cash. No guarantees have been provided or received for any receivables from related parties with the exception of those disclosed in Note 27.

20.(e) Interest on loans to related parties and borrowings from related parties

	Loan interest income		Borrowing interest expenses	
	31.12.2021 EUR	31.12.2020 EUR	31.12.2021 EUR	31.12.2020 EUR
Shareholders of the Company	-	-	31 129	34 511
Subsidiaries of the Company	83 736	393 831	22 048	-
KOPĀ:	**83 736**	**393 831**	**53 177**	**34 511**

21. Other borrowings

In 2015 – 2019, the Company received loans from Haulotte Group AB, Yanmar Construction Equipment Europe S.A.S. and SA Manitou BF. Total loans amounted to EUR 16 254 002 with interest rate 2,49% - 4% per annum. Loans repayment date are shown in table below.

As collateral for contracts with Haulotte Group AB, Yanmar Construction Equipment Europe S.A.S Group and SA Manitou BF promissory notes for each payment have been registered.

	Maturity	Amount	Actual interest rate (%)	31.12.2021 EUR	31.12.2020 EUR
AB Haulotte Group	01.10.2021	5 500 000	2.49	-	1 006 646
AB Haulotte Group	01.09.2022	1 003 836	3.94	151 065	352 484
AB Haulotte Group	01.09.2022	1 994 007	3.94	318 798	743 861
AB Haulotte Group	01.09.2021	1 006 969	4	-	202 087
AB Haulotte Group	15.09.2022	1 004 278	4	201 525	470 277
AB Haulotte Group	01.08.2024	1 607 292	4	1 110 362	1 514 103
SAS Yanmar construction equipment Europe	01.09.2021	995 7003	4	-	199 804
SAS Yanmar construction equipment Europe	15.09.2022	1 075 956	4	215 909	503 842
SAS Yanmar construction equipment Europe	04.08.2023	643 014	4	444 204	605 733
SA Manitou BF	04.08.2024	1 192 550	4	905 126	1 055 980
Incremental cost allocation		(1 223 078)	-	(76 259)	(218 398)
			Total:	**3 270 730**	**6 436 419**
			Total Non-current liabilities:	**1 504 527**	**3 107 487**
			Total Current liabilities:	**1 766 203**	**3 328 932**

Total loans origination fees and costs amounted to EUR 1 223 078. The Company treated these fees and costs as incremental costs related to attracted finance. These fees and costs are on integral part of the effective interest rate of the loans and are treated as an adjustment to the effective interest rate.

Reconciliation of movements other borrowings to cash flows arising from financing activities:

	2021 EUR	2020 EUR
Balance at the beginning of the year	**6 436 419**	**7 093 073**
Proceeds from other borrowings	-	-
Repayment of other borrowings	(3 282 837)	(718 020)
Total changes from financing cash flows	**(3 282 837)**	**(718 020)**
Reclassification to Lease liabilities	-	(20 017)
Incremental cost allocation amortization	142 928	76 845
Proceeds from additional discount	(9 671)	-
Interest expense	159 092	207 760
Interest paid	(175 201)	(203 222)
Total liability-related other changes	**117 148**	**61 366**
Balance at the end of the year	**3 270 730**	**6 436 419**

22. Issued bonds

In 2017, Company issued bonds with current maturity date 30.06.2021 and coupon interest rate 8%, nominal value of one bond is 100 eur, total nominal value was 10 000 000 eur. As at 31 December 2020, the Company has settled bonds of this issue for total amount 5 950 000 eur. As at 31 December 2021, the Company has fully settled the remaining outstanding bonds of this issue. Bonds were listed on the official bond list of AS “Nasdaq Riga.”

In 2020, Company issued second emission of bonds with maturity date 19.10.2023, coupon interest rate 8%, bond nominal value 100 eur and total nominal value 15 000 000 eur. Bonds are listed on the official bond list of AS “Nasdaq Riga.”

Issued bonds	Emission date	Maturity date	Amount	Actual interest rate (%)	31.12.2021 EUR	31.12.2020 EUR
ISIN code LV0000802304	01.07.2017	30.06.2021	4 050 000	8	-	4 050 000
ISIN code LV0000802411	19.03.2020	19.10.2023	15 000 000	8	4 870 500	3 446 300
Accrued interest for bonds coupon payment (LV0000802411)					78 378	55 907
Incremental cost allocation emission LV0000802411 *					(110 313)	(105 739)
				TOTAL:	**4 838 565**	**7 446 468**
				Total Non-current liabilities:	-	3 340 561
				Total Current liabilities:	4 838 565	4 105 907

On 31.12.2021. liabilities for bonds are reflected as short-term liabilities because the financial covenant Net debt / EBITDA ratio is not fulfilled at the end of the reporting period. These circumstances do not present additional risks to the Company in view of the post-balance sheet events (please, see the information presented below on the written procedure that took place in February 2022).

Borrowings against issued bonds are unsecured. Full amount of borrowings is repayable upon maturity date. Coupon payment is payable on a quarterly basis.

Total borrowing origination fees and costs amounted to 223 970 EUR. The Company treated these fees and costs as incremental costs related to attract the financing. These fees and costs are an integral part of the effective interest rate of the loans and are treated as an adjustment to the effective interest rate.

Reconciliation of movements of issued bond liabilities to cash flows arising from financing activities:

	31.12.2021 EUR	31.12.2020 EUR
Balance at the beginning of the year	**7 446 468**	**9 932 913**
Proceeds from bonds	-	200 000
Repayment of bonds	(2 621 397)	(2 681 706)
Total changes from financing cash flows	**(2 621 397)**	**(2 481 706)**
Incremental cost allocation amortization, net	(4 574)	(38 652)
Proceeds from bond repurchases below nominal value	(4 403)	(21 994)
Interest expense	513 271	898 742
Interest paid	(490 800)	(842 835)
Total liability-related other changes	**13 494**	**(4 739)**
Balance at the end of the year	**4 838 565**	**7 446 468**

22. Issued bonds (cont.)

According to Terms and Conditions for 2020 emission, the following financial covenants have to be met:

- Shareholders Equity to Assets Ratio may not be lower than 25 (twenty-five) per cent at the end of each Quarter.
  "Shareholders Equity to Assets Ratio" means the Issuer's total shareholders' equity expressed as a per cent of the Issuer's consolidated amount of assets as at the end of each Quarter determined on the basis of the Issuer's consolidated quarterly financial statements.
- Net Debt/EBITDA Ratio for the for the previous 12 (twelve) months may not be higher than 4.5: (a) as at the end of each Quarter determined on the basis of the Issuer's consolidated monthly financial statements for the previous 12 (twelve) months; and (b) as at 31 December each year, as determined on the consolidated basis on the basis of each of the Issuer's annual financial reports.
  "Net Debt/EBITDA Ratio" means the ratio of interest-bearing liabilities – (minus) cash to EBITDA of the respective measurement period.
  "EBITDA" means the net income of the measurement period before: (a) any provision on account of taxation; (b) any interest, commission, discounts or other fees incurred or payable, received or receivable in respect of financial indebtedness; (c) any items treated as exceptional or extraordinary; (d) any depreciation and amortisation of tangible and intangible assets; and (e) any re-valuation, disposal or writing off of assets.

*On 2 April 2020 AS Storent Investments announced an instigation of written procedure for receipt of consent of Noteholders holding the Notes to amend Terms and Condition of bonds with ISIN LV0000802411. In accordance with the proposed amendments to the Terms and Conditions, the Issuer proposed to exclude the Net Debt/EBITDA financial covenant from the Terms and Conditions till 31 December 2021, which will allow the Issuer to reorganize its activities in case of a possible decrease in turnover and to continue to fulfil its obligations. On 28 April 2020 voting has been closed and amendments have been approved, with the Net Debt/EBITDA financial covenant being applicable to the Issuer from 31 December 2021.

In February 2022, Storent Investments AS announced an instigation of written procedure for receipt of consent of Noteholders holding the Notes to amend Terms and Condition of bonds with ISIN LV0000802411. In accordance with the proposed amendments to the Terms and Conditions, the Issuer proposes to modify Shareholders Equity to Assets Ratio covenant to include in the equity calculation also loans from the Issuer's shareholders and to modify Net Debt/EBITDA Ratio covenant to exclude loans from the Issuer's shareholders from the net indebtedness of the Issuer. This will allow the Issuer to safely comply with the financial covenants until maturity of the Notes. On 28 February 2022 voting has been closed and amendments have been approved.

Transactions with bonds in 2021
<u>Emission with ISIN code LV0000802304</u>

On 1 December 2020 AS Storent Investments, by exercising the rights provided for in Clause 16 of the Terms and Conditions of Notes (ISIN LV0000802304), which inter alia provides Storent's right at any time to purchase the Notes in any manner and at any price in the secondary market, hereby announced repurchase of the Notes in the nominal value not exceeding 1,000,000 EUR. The price at which Storent was ready to repurchase the Notes was not higher than the nominal value of the Notes. Interest accrued until 14 December 2020 (inclusive) was added to the repurchased Notes. As a result of repurchase Storent has repurchased notes in the nominal value of 950 000 EUR in December 2020 and 50 000 EUR in January 2021.

On 11 January 2021 AS Storent Investments, by exercising the rights provided for in Clause 16 of the Terms and Conditions of Notes (ISIN LV0000802304), which inter alia provides Storent's right at any time to purchase the Notes in any manner and at any price in the secondary market, hereby announced repurchase of the Notes in the nominal value not exceeding 1,000,000 EUR. The price at which Storent was ready to repurchase the Notes was not higher than the nominal value of the Notes. Interest accrued until 22 January 2021 (inclusive) was added to the repurchased Notes. As a result of repurchase Storent has repurchased notes in the nominal value of 1 000 000 EUR.

On 25 February 2021 AS Storent Investments offered to the noteholders who own the notes of AS Storent Investments maturing on 30 June 2020 (ISIN LV0000802304) an opportunity to exchange the Existing Notes owned by them with the New Notes (ISIN LV0000802411). The exchange ratio is one-to-one, and the noteholders may apply for the exchange with any number of the Existing Notes owned by them. On 16 March 2021 the first stage of subscription for AS Storent Investments new notes with ISIN code LV0000802411 ended, where the investors agreed to exchange the notes of AS Storent Investments maturing on 30 June 2020 (ISIN LV0000802304) with the New Notes in the total nominal amount of 1 424 200 EUR. Notes issued by AS Storent Investments (ISIN: LV0000802304) included in the Exchange trading system was decreased to EUR 2 625 800. The decrease is in the amount of exchanged bonds.

On 22 March 2021 AS Storent Investments decreased the emission amount of the notes (ISIN LV0000802304) included in the Exchange trading system by EUR 1 575 800. The decrease was in the amount of repurchased bonds.

On 30 June 2021 AS Storent Investments has redeemed the remaining outstanding notes (ISIN LV0000802304) by transferring principal and interest payments to the bondholders.

23. Lease liabilities

By asset type	*Maturity*	*Actual interest rate, (%)*	31.12.2021 EUR	31.12.2020 EUR	Balance sheet value of leased assets on 31.12.2021 EUR
Other fixed assets	2022-2023	5% - 10,3%	20 677	79 460	13 189
Licenses and similar rights	2022	10,3%	28 553	54 438	23 806
		TOTAL:	**49 230**	**133 898**	**36 995**
		Total Non-current liabilities:	40 947	78 976	
		Total Current liabilities:	8 283	54 922	

Reconciliation of movements of lease liabilities to cash flows arising from financing activities:

	31.12.2021 EUR	31.12.2020 EUR
Balance at the beginning of the year	**133 898**	**89 930**
Repayment of lease liabilities	(84 668)	(81 289)
Total changes from financing cash flows	**(84 668)**	**(81 289)**
New leases	-	90 022
Reclassification from Other borrowings	-	20 017
Interest expenses accrued	13 826	15 218
Interest paid	(13 826)	-
Total liability-related other changes	**-**	**125 257**
Balance at the end of the year	**49 230**	**133 898**

24. Financial instruments

The company's main financial instruments are short-term and long-term loans received, receivables from buyers and customers, money, received long-term and short-term borrowings and financial lease. The main purpose of these financial instruments is to ensure the financing of the Company's economic activities. The Company also faces a number of other financial instruments, such as trade and other receivables, trade payables and other creditors arising directly from its business.

In accordance with IFRS 13, the levels of the fair value hierarchy are:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The table shows the carrying amounts and fair values of financial assets and financial liabilities. Fair value is determined at initial recognition and for disclosure purposes at the end of each reporting period. None of the Company's financial assets or financial liabilities are measured at fair value.

Fair value of Trade receivables and Other receivables with no stated interest rate and cash and cash equivalents is deemed to approximate their face value on initial recognition and carrying value on any subsequent date as the effect of discounting is immaterial and therefore not disclosed in these financial statements. Cash and cash equivalents and deposits in credit institutions and are highly liquid assets, therefore their carrying amount approximates their fair value on initial recognition and thereafter, as the effect of discounting is not material and is therefore not disclosed in these financial statements.

Fair value of financial liabilities with outstanding maturities shorter than six months, other than issued bonds, is deemed to approximate their face value on initial recognition and carrying value on any subsequent date as the effect of discounting is immaterial and therefore not disclosed in these financial statements.

Fair value of financial liabilities with outstanding maturities longer than six months, other than issued bonds, is estimated based on the present value of future principal and interest cash flows, discounted using the effective interest rate of the corresponding agreement which, in the management's view, represents the market rate of interest at the measurement date for companies similar to the Company.

The Company's issued bonds are classified as Level 3 in the fair value hierarchy. The market for these bonds is not assessed as an active market. The significant non-observable key input to determining the fair value of the issued bonds is that no adjustment to the observable quotes is required.

All of the Group's financial assets and financial liabilities are determined to be Level 3 in the fair value hierarchy. There were no transfers between fair value hierarchy levels in 2021 and in 2020.

24. Financial instruments (cont.)

Categories of financial assets and liabilities as at 31.12.2021 and as at 31.12.2020:

	31.12.2021		31.12.2020	
Financial assets	**Carrying amount**	**Fair value**	**Carrying amount**	**Fair value**
	EUR	**EUR**	**EUR**	**EUR**
Loans and receivables held at amortised cost				
- Trade receivables from related companies	4 390	4 390	2 664	2 664
- Trade receivables	1 033 971	1 033 971	2 450 811	2 450 811
- Other receivables	7 774	7 774	7 774	7 774
- Cash and cash equivalents	53 588	53 588	1 937 007	1 937 007
TOTAL financial assets:	**1 099 723**	**1 099 723**	**4 398 256**	**4 398 256**

	31.12.2021		31.12.2020	
Financial liabilities	**Carrying amount**	**Fair value**	**Carrying amount**	**Fair value**
	EUR	**EUR**	**EUR**	**EUR**
Financial liabilities held at amortized cost				
- Loans from related companies	-	-	651 162	651 162
- Issued bonds	4 838 565	4 875 661	7 446 468	7 455 800
- Lease liabilities	49 230	49 231	133 898	133 898
- Loans from related parties	1 935 000	1 935 000	-	-
- Other borrowings	3 270 730	3 270 730	6 436 419	6 436 419
- Trade payables	437 982	437 982	443 076	443 076
- Trade payables to related parties	-	-	249 182	249 182
- Other payables	68 306	68 306	98 407	98 407
TOTAL financial liabilities:	**10 599 813**	**10 636 910**	**15 458 612**	**15 467 944**

25. Financial risk management

The Company's operations are subject to the following financial risks: currency risk, credit risk and liquidity risk.

Foreign currency risk

Foreign currency risk is the risk of financial losses incurred by the Company due to adverse fluctuations in foreign currency exchange rates. This risk arises when financial assets denominated in a foreign currency do not match financial liabilities in that currency which results in open currency positions for the Company. The Company does not have any material financial assets and liabilities denominated in currencies other than the Euro. Therefore, during the reporting year the Company's exposure to foreign currency risk was not significant.

Credit risk

Credit risk is the risk that the Company incurred a financial loss if counterparties fail to fulfil their obligations to the Company. The Company has credit risk exposure related to cash, trade receivables and issued loans.

Cash

Credit risk in relation to cash in bank is managed by evaluating the banks to cooperate with, this reducing the probability of losing financial resources.

Trade receivables

The Company monitors outstanding trade receivables on a regular basis.

Loans issued

The Company controls the credit risk by evaluating financial performance indicators of loan recipients.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to timely and in full to ensure fulfilling its own commitments. Liquidity risk arises when terms of payments of financial assets and liabilities are not correlating. The Company's liquidity risk management is to maintain adequate cash and cash equivalent amount and provide sufficient financing in order to be able to fulfil its obligations in time. The Company management considers that the Company will have sufficient cash resources and its liquidity will not be compromised. Please see Note 28.

25. Financial risk management (cont.)

At 31 December 2021 and 31 December 2020, the maturity of the financial liabilities of the Company, based on undiscounted payments provided for in the agreements can be disclosed as follows:

31.12.2021	< 3 month	3-6 month	6-12 month	1-5 years	TOTAL	Expected interest payments TOTAL	Carrying amount TOTAL
	EUR	EUR	EUR	EUR	EUR	EUR	EUR
Issued bonds	(97 410)	(97 410)	(194 820)	(5 260 140)	**(5 649 780)**	(811 215)	4 838 565
Loans from related parties	-	-	(2 030 376)*	-	**(2 030 376)**	(95 376)	1 935 000
Lease liabilities	(35 110)	(1 649)	(3 847)	(12 546)	**(53 152)**	(3 922)	49 230
Other borrowings	(617 106)	(451 123)	(755 728)	(1 629 993)	**(3 453 950)**	(183 220)	3 270 730
Trade payables	(437 982)	-	-	-	**(437 982)**	-	437 982
Other financial liabilities	(68 306)	-	-	-	**(68 306)**	-	68 306
TOTAL:	**(1 255 914)**	**(550 182)**	**(2 984 771)**	**(6 902 679)**	**(11 693 546)**	**(1 093 733)**	**10 599 813**

*Loans received from Storent SIA. As the Company is the parent company of Storent SIA, the management expects that the loans maturity will be extended, or the loans will be refinanced by concluding new loan agreements with Storent SIA.

31.12.2020	< 3 month	3-6 month	6-12 month	1-5 years	TOTAL	Expected interest payments TOTAL	Carrying amount TOTAL
	EUR	EUR	EUR	EUR	EUR	EUR	EUR
Issued bonds	(1 149 926)	(129 926)	(3 118 926)	(3 515 226)	**(7 914 004)**	(467 536)	7 446 468
Loans from related parties	-	-	-	(718 675)	**(718 675)**	(67 513)	651 162
Lease liabilities	(42 959)	(8 150)	(15 085)	(86 624)	**(152 818)**	(18 920)	133 898
Other borrowings	(1 131 635)	(603 152)	(1 721 220)	(3 443 329)	**(6 899 336)**	(462 917)	6 436 419
Trade payables	(443 076)	-	-	-	**(443 076)**	-	443 076
Trade payables to related parties	(249 182)	-	-	-	**(249 182)**	-	249 182
Other financial liabilities	(98 407)	-	-	-	**(98 407)**	-	98 407
TOTAL:	**(3 115 185)**	**(741 228)**	**(4 855 231)**	**(7 763 854)**	**(16 475 498)**	**(1 016 886)**	**15 458 612**

26. Capital management

The purpose of the Company's capital management is to provide a high credit rating and a balanced structure of capital to ensure successful activity of the Company and to maximize the Company's share value. The Company is not subject to any externally imposed capital requirements. The Company is controlling the structure of capital and adjusts this structure according to economic conditions. To control and adjust the capital structure, the Company can change conditions of payment of dividends to shareholders, to return them part of shares or to issue new shares. In 2021 and 2020, there were no changes introduced to purposes, policy or processes related to capital management.

	31.12.2021	31.12.2020
	EUR	EUR
Interest bearing loans and borrowings	10 093 525	14 016 785
Trade and other payables	506 288	541 483
Less cash and cash equivalents	(53 588)	(1 937 007)
Net debt	**10 546 225**	**12 621 261**
Equity	34 159 800	32 018 331
Net debt to equity ratio:	**0.31**	**0.39**

27. Issued guarantees

The Company has issued a number of guarantees in favor of third parties for the liabilities of its subsidiaries. In assessing the expected credit losses on these guarantees, the management individually determines and applies the probability of default of each subsidiary and the expected loss in the event of default, using the method described in Note 2 (h). Evaluating the ability of the subsidiaries to meet their obligations as at 31 December 2021 and 31 December 2020, the Company management believes that no significant additional accruals for credit losses are required.

In 2014 Storent Investments AS issued a guarantee to Luminor Līzings SIA due to concluded factoring contracts between: Storent SIA and Luminor Līzings SIA, the guarantee is valid till full liability repayment. At the time of preparation of the financial statements the Company management has not identified circumstances that would indicate that an outflow of economic benefits from the Company will be required to settle the obligation.

In 2016, 2017 and 2018 Storent Investments AS issued a guarantee to Luminor Līzings SIA due to concluded lease contracts between Storent SIA and Luminor Līzings SIA. The amount of the guarantee is 4 633 177 EUR and guarantee is valid till 30 April 2025. At the time of preparation of the financial statements the Company management has not identified circumstances that would indicate that an outflow of economic benefits from the Company will be required to settle the obligation.

In 2016, 2017 and 2018 Storent Investments AS issued a guarantee to UniCredit Leasing SIA due to concluded financial lease contracts between Storent SIA and UniCredit Leasing SIA. The amount of the guarantee is 881 522 EUR and guarantee is valid till 31 December 2023. At the time of preparation of the financial statements the Company management has not identified circumstances that would indicate that an outflow of economic benefits from the Company will be required to settle the obligation.

In 2017 Storent Investments issued guarantee to Luminor Liising AS due to factoring contract between Storent OU and Luminor Liising AS. The amount of the guarantee is 400 000 EUR and guarantee is valid till full liability repayment. At the time of preparation of the financial statements the Company management has not identified circumstances that would indicate that an outflow of economic benefits from the Company will be required to settle the obligation.

In 2020 Storent Investments issued guarantee to NORDEA RAHOITUS SUOMI OY due to concluded lease contracts between Storent Oy and NORDEA RAHOITUS SUOMI OY. The amount of the guarantee is 2 622 028 EUR and guarantee is valid till full liability repayment. At the time of preparation of the financial statements the Company management has not identified circumstances that would indicate that an outflow of economic benefits from the Company will be required to settle the obligation.

AS Storent Investments issued a guarantee to Levina Invesmtnets S.a r.l. due to concluded loan agreement between Storent Holding Finland Oy and Levina Invesmtnets S.a r.l. The amount of the guarantee is 6 023 340 EUR and guarantee is valid till full loan repayment. At the time of preparation of the financial statements the Company management has not identified circumstances that would indicate that an outflow of economic benefits from the Company will be required to settle the obligation.

28. Going concern of the Company

The Company's financial performance in the reporting year was a profit of EUR 2 141 469 (2020: loss of EUR 3 827 388). At the end of the year, the Company's current liabilities exceeded its current assets by EUR 8 100 113 (31.12.2020: current liabilities exceeded current assets by EUR 3 972 626), as a result of significant borrowings approaching maturity and technical non-compliance with one of the bond covenants as at 31 December 2021 as stated in Note 22. Both of these conditions may cast significant doubts on the Company's ability to continue as a going concern.

The Company management has evaluated the current and potential impact of Covid-19 pandemic and geopolitical situation in the Baltic and Nordic region as a result of the Russian Federation commencing war activity in Ukraine. Management has prepared forecasted financial results and cash flows for 2022 demonstrating the Company's and its subsidiaries' ability to continue as going concern and already started to take steps to address the expected liquidity and profitability shortages, such as:

- Storent Group continues to become more efficient by developing online sales and paper-less rental process. Despite overall wage increase in all countries, personal costs are estimated to increase only by 5% during 2022 compared to 2021. In 2021, the management has decided to close one of the Finnish company's economic activities – Heavy team. In spring 2022 Management plans to start outsourcing of transportation services in Finland, that will give a decrease of headcount and associated costs in Finland by 10%.
- In 2022, Storent Group plans to increase rental income in all its countries of operation by 3%-4%, reaching the turnover level of 2019 before Covid-19. Further revenue and profitability growth is expected in the following years as already disclosed in Note 11.
- Storent Holding Finland Oy has received agreement to postpone the repayment of loan and accrued interest in amount of EUR 6 023 340 as at 31 December 2021 to Levina Investments S.a.r.l. by additional year with the final due date of the loan being December 2023. Amendments to agreement have been signed.
- Storent SIA and Storent Oy continue to perform optimization of the rental equipment fleet by selling old and not-in-demand equipment. By the date of issuing these financial statements, both companies have sold equipment with the net book value EUR 1 913 232 for total gross proceeds of EUR 2 128 567. According to budget it is planned to sell equipment with the net book value EUR 3.3 million for total gross proceeds of EUR 4 million. Proceeds from equipment sales will be used for debt repayment assuring the Group's and the Company's liquidity.

28. Going concern of the Company (cont.)

- In February 2022, Storent Investments AS announced an instigation of written procedure for receipt of consent of Noteholders holding the Notes to amend Terms and Condition. In accordance with the proposed amendments to the Terms and Conditions, the Company proposes to modify Shareholders Equity to Assets Ratio covenant to include in the equity calculation also loans from the Company's shareholders and to modify Net Debt/EBITDA Ratio covenant to exclude loans from the Company's shareholders from the net indebtedness of the Company. This will allow the Company and the Group to safely comply with the financial covenants until maturity of the Notes. On 28 February 2022 voting has been closed and amendments have been approved.
- The Company management has evaluated the geopolitical situation and its impact on the Group companies and especially the subsidiary entity in Russia, Kaliningrad. At the moment of issue of these financial statements Storent OOO continues to operate without significant changes. Before 24 February 2022, the Russian entity operated quite independently, and the management doesn't see any major risks for further business activities. The Company monitors and follows sanction restrictions and, so far, these don't affect the subsidiary's activities. Despite the general increase in the market uncertainty, no direct impact on the operations of other Group companies is observed.

Based on above, the Group management plans further development of all subsidiaries. The main focus in 2022 will be to continue online sales development, digital transformation and efficiency increase. The Group will continue to transform its IT strategy to comply with the scalability needs. In early 2022, Storent entities in the Baltics joined online logistics platform Cargopint that allows to organize transportation in a more efficient manner and will give opportunity to serve a wider range of customers with a more competitive price.

Management estimates that the construction industry will fully recover after Covid-19 pandemic in the spring 2022, and construction volumes will return to the level of 2019 and start to grow further only from 2023. It is expected that Rail Baltica project will give a significant positive impact on the construction industry in the Baltics. In the first quarter of 2022, the total unaudited consolidated revenue of the Company and its subsidiaries exceeded the budget by 5%. Compared to the first quarter of 2021, total unaudited revenue has increased by 14%, rental income - by 16%, EBITDA margin is higher by 2% and the amount of losses is decreased by 28%.

Storent Group will continue an active sales strategy and offer customers to use the online platform, which is simple to use, to achieve the planned turnover and liquidity and profitability indicators. Taking into account the information currently available, the most recent key performance indicators of the Company and its subsidiaries and the actions taken by management, the Company and its subsidiaries expect to continue operations as a going concern. As such, these separate financial statements have been prepared on the basis that the Company will continue as a going concern, and do not include any adjustments that might be necessary if the going concern assumption would not be applicable. However, the success of the management actions outlined above is directly dependent on the ability of the Company and its subsidiaries to increase revenue from operating activities as a result of the expected recovery of the construction industry and significant improvement of the operational efficiency of the Company and its subsidiaries in a short time frame. Management cannot rule out the possibility that the geopolitical situation and possible reinforcement of anti-Covid-19 security measures introduced by governments or the negative impact of such measures on the economic environment in which the Company and its subsidiaries operate, could adversely affect the Company and its subsidiaries, their financial position and performance in the medium and long term, including its investments in subsidiaries' recoverable amount (please see Note 11, which describes the significant unobservable inputs used in estimating recoverable amount) and the Company's and its subsidiaries' ability to meet the terms and conditions of the borrowing agreements and payment terms, which presents a material uncertainty in relation to the Company's and its subsidiaries' ability to continue as a going concern. We will continue to monitor the situation closely and take the necessary steps to mitigate to the extent possible the effects of new events and circumstances.

29. Post balance sheet events

Non-adjusting events

In 2022, in order to meet minimal capital requirements according to respective country laws, the Company invested into the share capital of the Estonian subsidiary in total an amount of EUR 1 550 000, into the share capital of the Finnish subsidiary in total an amount of EUR 500 000, into the share capital of Swedish subsidiary in total an amount of EUR 250 000, and all investments are used, among others, to settle liabilities towards other Storent Group companies.

In February 2022, Storent Investments AS announced an instigation of written procedure for receipt of consent of Noteholders holding the Notes to amend Terms and Condition. In accordance with the proposed amendments to the Terms and Conditions, the Issuer proposes to modify Shareholders Equity to Assets Ratio covenant to include in the equity calculation also loans from the Issuer's shareholders and to modify Net Debt/EBITDA Ratio covenant to exclude loans from the Issuer's shareholders from the net indebtedness of the Issuer. This will allow the Issuer to safely comply with the financial covenants until maturity of the Notes. On 28 February 2022 voting has been closed and amendments have been approved.

Levina Investments S.a.r.l. has agreed to postpone the repayment of loan received by Storent Holding Finland Oy by additional one year, and the final due date of the loan is December 2023. Amendments to the agreement have been signed in March 2022.

During the period between the last day of the financial year and the date of signing of these separate financial statements there have been no other events that would have required adjustments or disclosure in the separate financial statements.

These separate financial statements were signed on 28 April 2022 on the Company's behalf by:

Andris Bisnieks Member of the Board	Andris Pavlovs Member of the Board
Marina Grigore Chief Accountant	

* * *

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Independent Auditors' Report

To the shareholders of Storent Investments AS

Report on the Audit of the Separate Financial Statements

Our Opinion on the Separate Financial Statements

We have audited the accompanying separate financial statements of Storent Investments AS ("the Company") set out on pages 7 to 41 of the accompanying separate Annual Report, which comprise:

- the separate statement of financial position as at 31 December 2021,
- the separate statement of comprehensive income for the year then ended,
- the separate statement of changes in equity for the year then ended,
- the separate statement of cash flows for the year then ended, and
- the notes to the separate financial statements, which include a summary of significant accounting policies and other explanatory notes.

In our opinion, the accompanying separate financial statements give a true and fair view of the separate financial position of Storent Investments AS as at 31 December 2021, and of its separate financial performance and separate cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union.

Basis for Opinion

In accordance with the 'Law on Audit Services' of the Republic of Latvia we conducted our audit in accordance with International Standards on Auditing adopted in the Republic of Latvia (ISAs). Our responsibilities under those standards are further described in the *Auditors' Responsibility for the Audit of the Separate Financial Statements* section of our report.

We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) and independence requirements included in the 'Law on Audit Services' of the Republic of Latvia that are relevant to our audit of the separate financial statements in the Republic of Latvia. We have also fulfilled our other professional ethics responsibilities and objectivity requirements in accordance with the IESBA Code and the 'Law on Audit Services' of the Republic of Latvia.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 28 of the separate financial statements, which indicates that the Company earned a profit of EUR 2 141 469 during the year ended 31 December 2021 (2020: incurred a loss of EUR 3 402 850) and, as of that date, the Company's current liabilities exceeded its current assets by EUR 8 100 113 (31.12.2020: the Company's current liabilities exceeded its current assets by EUR 3 972 626. As stated in Note 28, the Company's profitability and liquidity depend directly on the results of operations and financial position of its subsidiaries. The management has prepared forecasted financial results and cash flows for 2022 demonstrating the Company's and its subsidiaries' ability to continue as going concern and already started to take steps to address the expected liquidity and profitability shortages. The success of these actions is primarily dependent on the ability of the Company and its subsidiaries to increase revenue from operating activities as a result of the expected recovery of the construction industry and reduce costs as a result of optimized operations. However, management cannot rule out the possibility that the geopolitical situation, possible reinforcement of Covid-19 security measures introduced by governments or the negative impact of such measures on the economic environment, in which the Company and its subsidiaries operate, could adversely affect the Company and its subsidiaries. These events and conditions, along with other matters as set forth in Note 28, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the separate financial statements of the current period. These matters were addressed in the context of our audit of the separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

In addition to the matters described in the *Material Uncertainty Related to Going Concern* section, we have determined the matter described below to be the key audit matter to be communicated in our report.

Impairment of intangible assets and investments in subsidiaries

The Company's intangible assets as at 31 December 2021 amounted to EUR 2 029 812 (31 December 2020: EUR 1 887 127) and investments in subsidiaries as at 31 December 2021 amounted to EUR 40 289 275 (31 December 2020: EUR 37 389 275). Non-financial asset impairment charge for the year ended 31 December 2021 amounted to EUR 0 (year ended 31 December 2020: EUR 3 419 293).

Reference to the separate financial statements: Note 2 (b) "Use of estimates and judgements", Note 2 (d) "Intangible assets", Note 2 (f) "Investments in subsidiaries" and Note 2 (g) "Impairment of non-financial assets" (accounting policy); Note 9 "Intangible assets" and Note 11 "Investments in subsidiaries" (Notes to the separate financial statements).

Key audit matter	*Our response*
Due to the fact that impairment indicators were identified as at 31 December 2021, as discussed in Note 11, the Company estimated the recoverable amount of its investments in subsidiaries to which development of intangible assets is allocated and recognized an impairment loss at the above date.	Our audit procedures included, among others: • evaluating against the requirements of the relevant financial reporting standards the Company's accounting policy for identification of impairment, and measurement and recognition of any impairment losses in respect of intangible assets and investments in subsidiaries; • understanding the Company's and its subsidiaries' business planning process, including

The assessment of the recoverable amount and impairment of the Company's intangible assets and investments in subsidiaries balances incorporated significant management judgement in respect of assumptions such as forecast operating performance, timing of resulting cash collections and disbursements, as well as discount rates. Small changes in the above assumptions can result in materially different outcomes. This, therefore, gives rise to inherent estimation uncertainty related to the carrying amount of these assets recorded in the separate financial statements. Due to the above factors, we considered impairment of intangible assets and investments in subsidiaries to be a key audit matter.	the preparation and validation of financial and cash flow forecasts and testing the design and implementation of selected key internal controls over the Company's business planning process; • assisted by our own valuation specialists, challenging the reasonableness of the key assumptions used in the determination of the prospective financial information, such as the forecast amounts of sales and timing of cash collections, forecast amounts of expenses and capital expenditure, and timing of cash disbursements, discount rate and terminal growth rate based on our understanding of the Company's and its subsidiaries' activities and by reference to publicly available industry/market reports; • considered the reasonableness of the Company's performed sensitivity analysis showing the impact of a reasonable change in the impairment testing assumptions, to determine whether an impairment charge was required; • performing independent sensitivity analysis, including assessing the effect of a reasonably possible change in the key assumptions; • considered whether the Company's disclosures regarding the sensitivity of the outcome of the impairment testing to changes in key assumptions complete and accurately reflected the estimation uncertainty in the valuation in line with the applicable requirements of the relevant financial reporting standards.

Reporting on Other Information

The Company's management is responsible for the other information. The other information comprises:

- General Information, as set out on page 3 of the accompanying separate Annual Report,
- the Management Report, as set out on pages 4 to 5 of the accompanying separate Annual Report,
- the Statement on Management Responsibility, as set out on page 6 of the accompanying separate Annual Report,
- the Statement of Corporate Governance, as set out in a separate statement provided by Storent Investments AS management and available on the Nasdaq Baltic exchange website https://nasdaqbaltic.com, Storent Investments AS, section Reports.

Our opinion on the separate financial statements does not cover the other information included in the separate Annual Report, and we do not express any form of assurance conclusion thereon, except as described in the *Other Reporting Responsibilities in Accordance with the Legislation of the Republic of Latvia Related to Other Information* section of our report.

In connection with our audit of the separate financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the separate financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed and in light of the knowledge and understanding of the Company and its environment obtained in the course of our audit, 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.

Other Reporting Responsibilities in Accordance with the Legislation of the Republic of Latvia Related to Other Information

In addition, in accordance with the 'Law on Audit Services' of the Republic of Latvia with respect to the Management Report, our responsibility is to consider whether the Management Report is prepared in accordance with the requirements of the 'Law on the Annual Reports Annual Reports' of the Republic of Latvia.

Based solely on the work required to be undertaken in the course of our audit, in our opinion, in all material respects:

- the information given in the Management Report for the financial year for which the separate financial statements are prepared is consistent with the separate financial statements; and
- the Management Report has been prepared in accordance with the requirements of the 'Law on the Annual Reports Annual Reports' of the Republic of Latvia.

In accordance with the 'Law on Audit Services' of the Republic of Latvia with respect to the Statement of Corporate Governance, our responsibility is to consider whether the Statement of Corporate Governance includes the information required in section 56.1, first paragraph, clause 3, 4, 6, 8 and 9, as well as section 56.2, second paragraph, clause 5, and third paragraph of the 'Financial Instruments Market Law' of the Republic of Latvia and if it includes the information stipulated in section 56.2 second paragraph, clause 1, 2, 3, 4, 7 and 8 of the 'Financial Instruments Market Law' of the Republic of Latvia.

In our opinion, the Statement of Corporate Governance includes the information required in section 56.1, first paragraph, clause 3, 4, 6, 8 and 9, as well as section 56.2, second paragraph, clause 5, and third paragraph of the 'Financial Instruments Market Law' of the Republic of Latvia and it includes the information stipulated in section 56.2 second paragraph, clause 1, 2, 3, 4, 7 and 8 of the 'Financial Instruments Market Law' of the Republic of Latvia.

Responsibilities of Management and Those Charged with Governance for the Separate Financial Statements

Management is responsible for the preparation of the separate financial statements that give a true and fair view in accordance with IFRSs as adopted by the European Union and for such internal control as management determines is necessary to enable the preparation of separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the separate financial statements, management is responsible for assessing the Company'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 Company or to cease operations, or has no realistic alternative but to do so.

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

Auditors' Responsibility for the Audit of the Separate Financial Statements

Our objectives are to obtain reasonable assurance about whether the separate 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 ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these separate financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the separate 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 Company'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 Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the separate 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 Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the separate financial statements, including the disclosures, and whether the separate financial statements represent the underlying transactions and events in a manner that achieves a fair presentation.

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 separate 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

Other Reporting Responsibilities and Confirmations Required by the Legislation of the Republic of Latvia and the European Union when Providing Audit Services to Public Interest Entities

We were appointed by the Company's shareholders meeting on 4 October 2021 to audit the separate financial statements of Storent Investments AS for the year ended 31 December 2021. Our total uninterrupted period of engagement is 2 years, covering the periods ending 31 December 2020 to 31 December 2021.

We confirm that:

- our audit opinion is consistent with the additional report presented to the Audit Committee of the Company;
- as referred to in the paragraph 37.6 of the 'Law on Audit Services' of the Republic of Latvia we have not provided to the Company the prohibited non-audit services (NASs) referred to of EU Regulation (EU) No 537/2014. We also remained independent of the audited entity in conducting the audit.

For the period to which our statutory audit relates, we have not provided any services to the Company in addition to the audit, which have not been disclosed in the Management Report or in the separate financial statements of the Company.

KPMG Baltics SIA
Licence No. 55

Armine Movsisjana
Chairperson of the Board
Latvian Sworn Auditor
Certificate No. 178
Riga, Latvia
28 April 2022

THIS DOCUMENT HAS BEEN SIGNED WITH A SECURE ELECTRONIC SIGNATURE AND IT HAS A TIME-STAMP