JOINT-STOCK COMPANY
STORENT INVESTMENTS
(REGISTRATION NUMBER 40103834303)

CONSOLIDATED ANNUAL REPORT 2021

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

Riga, 2022

** This version of consolidated financial statements is a translation from the original, which was prepared in the Latvian language. All possible care has been taken to ensure that the translation is an accurate representation of the original. However, in all matters of interpretation of information, the original language version of consolidated financial statements takes precedence over this translation.*

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General information

Name of the Group's Parent company	Storent Investments
Legal status of the Group's Parent company	Joint-stock company
The Group Parent company's registration number, place and date	40103834303 Riga, 7 October 2014
Registered address of the Group's Parent company	15a Matrozu Street, Riga, LV-1048, Latvia
Shareholders of the Group's Parent company	Levina Investments S.A.R.L. (Luxembourg) 73% Bomaria LTD (Latvia) 13.5%, Andris Bisnieks Supremo LTD (Latvia) 13.5%, Andris Pavlovs
Members of the Board	Andris Bisnieks, Member of the Board Andris Pavlovs, Member of the Board
Members of the Council	Nicholas Kabcenell, Chairman of the Council Baiba Onkele, Member of the Council Dalgin Burak, Member of the Council
Group's type of operations	Renting and leasing of construction machinery and equipment
Group's NACE code	77.32 (2.0 rev) Rental and leasing of construction and civil engineering machinery and equipment
Independent auditor and sworn auditor name and address	KPMG Baltics SIA Vesetas street 7, Riga Latvia, LV – 1013 License No. 55 Armine Movsisjana Latvian Sworn Auditor Certificate No. 178

Management report

The Group's type of operations

Storent Investments AS (hereinafter – the Group's Parent company or Storent Investments AS) and its subsidiary companies (hereinafter – the Group) was established on 07 October 2014. The first company of the Group - Storent SIA - was established in 2008 by Andris Bisnieks and Andris Pavlovs with an objective to become one of the leading equipment rental companies in the Baltics and nearest European countries. At the end of 2008, a subsidiary Storent UAB was established in Lithuania and one year later a subsidiary Storent OU was launched in Estonia. At the end of year 2012, a subsidiary Storent Oy was established in Finland. In February 2013 a subsidiary Storent AB was founded in Sweden, and in June 2013 a subsidiary Storent AS was established in Norway. In December 2016 Storent Oy completed the acquisition of Leinolift Oy (now company name changed to Storent Oy), a Finnish lifting equipment rental company. On 01 August 2017, Storent finalized the second acquisition, by purchasing Cramo operations in Latvia and Kaliningrad. In summer 2017, Storent started rental operations in Sweden. Currently, only the Norwegian entity doesn't conduct economic activity. At the end of the reporting year the Group consists of 9 entities with the parent company Storent Investments AS and 8 subsidiaries in the Baltics and Nordic countries. The objective is to provide customers with rental equipment solutions utilizing modern digital tools, team expertise and providing excellent service. Online sales channel with advanced IT solutions ensures fast, convenient and contactless rental process with competitive pricing.

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

Although 2021 was much more successful than 2020, Storent Group's performance in the reporting year still was negatively affected by Covid-19 pandemic in all countries. Rental revenues increased by 5%, the consolidated turnover increased by 2% reaching 42.9 million euros. Construction markets in Baltic countries increase although in Latvia it ir decreased by 6.2%. 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. 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.

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 an 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. As of 31 December 2021 the working capital deficit is increased due to the technical default of one of the bond covenants, which led to the classification of all bond liability as current. Nevertheless, these circumstances do not present additional risks to the Group in view of the post-balance sheet events (please, see the information presented below on the written covenant modification procedure that took place in February 2022).

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 Company 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 Group

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.

The Group plans 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 33.

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 consolidated financial statements, there have been no other events requiring adjustment of or disclosure in the consolidated financial statements or notes thereto.

On behalf of the Group, the management report was signed on 28 April 2022 by:

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

Consolidated annual report is approved in shareholders meeting on _____________ 2022

Statement of management's responsibility

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

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

On behalf of the Group, this statement of management's responsibility was signed on 28 April 2022 by:

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

Consolidated statement of comprehensive income

	Notes	2021 EUR	2020 EUR
Net revenue	3	42 917 107	42 124 274
Other operating income	4	1 305 015	448 862
Cost of materials and services	5	(23 781 296)	(20 235 265)
Personnel costs	11	(8 777 053)	(9 906 113)
Other operating expenses	6	(5 951 414)	(7 221 673)
Depreciation and amotrization	7	(6 687 147)	(8 887 521)
Impairement gain / (loss) on trade receivables and cotract asset		48 647	9 837
Impairement loss on goodwill		-	(4 029 645)
Finance income	8	23 597	67 728
Finance expenses	9	(2 442 651)	(3 155 359)
Profit / (loss) before income tax		**(3 345 195)**	**(10 784 875)**
Income tax income / (expenses)	10	(57 655)	(548 604)
Profit / (loss) for the year		**(3 402 850)**	**(11 333 479)**
Items that may be reclasified subsequently to profit or loss			
Exchange differences on foreign currency operations		(23 033)	(81 776)
Other comprehensive income/(loss) for the year		**(23 033)**	**(81 776)**
Total comprehensive income/(loss) for the year		**(3 425 883)**	**(11 415 255)**

The notes on pages 12 to 54 are an integral part of these consolidated financial statements.

On behalf of the Group these consolidated financial statements were signed on 28 April 2022 by:

Andris Bisnieks
Member of the Board

Andris Pavlovs
Member of the Board

Baiba Onkele
Chief financial officer

Consolidated statement of financial position

ASSETS

NON-CURRENT ASSETS	Note	31.12.2021 EUR	31.12.2020 EUR
Intangible assets			
Licences and similar rights		20 816	52 159
Other intangible assets		1 030 135	1 426 696
Intangible assets in process		985 288	418 813
Goodwill		11 316 707	11 316 707
TOTAL Intangible assets	12	**13 352 946**	**13 214 375**
Property, plant and equipment			
Lands and buildings		204 070	219 125
Machinery and equipment		9 382 163	10 404 644
Other fixed assets		369 586	666 242
TOTAL Property, plant and equipment	13	**9 955 819**	**11 290 011**
Rights of use assets			
Rights of use assets	14	**13 428 294**	**22 314 597**
Other non-current assets			
Deferred income tax assets	10	1 286	-
TOTAL Other non-current assets		**1 286**	**-**
TOTAL NON-CURRENT ASSETS		**36 738 345**	**46 818 983**
CURRENT ASSETS			
Inventories	15	1 150 870	1 108 345
Asstes held for sale	16	406 596	-
Receivables			
Trade receivables	17	5 928 929	7 527 683
Contract assets	18	4 192	13 804
Other receivables	19	232 513	268 777
Prepaid expenses	20	119 628	287 808
TOTAL Receivables		**6 285 262**	**8 098 072**
Cash and cash equivalents	21	920 267	3 720 140
TOTAL CURRENT ASSETS		**8 762 995**	**12 926 557**
TOTAL ASSETS		**45 501 340**	**59 745 540**

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Member of the Board

Andris Pavlovs
Member of the Board

Baiba Onkele
Chief financial officer

Consolidated statement of financial position

EQUITY AND LIABILITIES

	Note	31.12.2021	31.12.2020
EQUITY		**EUR**	**EUR**
Share capitals	22	33 316 278	33 316 278
Reserves:			
Foreign currency translation reserve		(48 136)	(25 103)
Other reserves		26 774	26 774
Accumulated losses:			
Retained earings / (losses)		(21 181 067)	(17 778 217)
TATAL EQUITY		**12 113 849**	**15 539 732**
CREDITORS			
Long-term liabilities			
Issued bonds	24	-	3 340 561
Borrowings from related parties	31 (c)	-	6 275 219
Lease liabilities	25	6 789 551	11 158 537
Other borrowing	26	1 504 527	3 107 487
Deferred income tax liabilities		1 286	-
TOTAL Long-term liabilities		**8 295 364**	**23 881 804**
Short-term liabilities			
Issued bonds	24	4 838 565	4 105 907
Borrowings from related parties	31 (c)	6 123 340	-
Lease liabilities	25	5 133 199	6 211 840
Liabilities directly associated with the assets held for sale	16	23 039	-
Other borrowing	26	1 766 203	3 328 932
Contract liabilities	18	404 345	552 477
Trade payables		3 945 995	3 301 952
Corporate income tax		17 472	-
Taxes and mandatory state social insurance contribution	27	923 160	958 575
Deferred income	28	79 443	136 550
Other provisions	23	138 903	116 919
Other liabilities	29	389 481	423 336
Accured liabilities	30	1 308 982	1 187 516
TOTAL Short-term liabilities		**25 092 127**	**20 324 004**
TOTAL LIABILITIES		**33 387 491**	**44 205 808**
TOTAL EQUITY ND LIABILITIES		**45 501 340**	**59 745 540**

The notes on pages 12 to 54 are an integral part of these consolidated financial statements.

On behalf of the Group these consolidated financial statements were signed on 28 April 2022 by:

Andris Bisnieks
Member of the Board

Andris Pavlovs
Member of the Board

Baiba Onkele
Chief financial officer

Consolidated statement of cash flows

	Notes	2021 EUR	2020 EUR
Cash flows from operating activities			
Loss for the year		(3 402 850)	(11 333 479)
Adjustments:			
Income tax expenses		57 655	548 604
Amortisation of intangible assets and depreciation of property, plant and equipment	12,13,14	6 687 324	8 887 521
Net result on disposal of property, plant and equipment		138 892	440 353
Interest expense	9	2 398 072	3 130 566
Provision decrease		21 984	(524 525)
Impairment losses on intangible assets and goodwill		-	4 029 644
Operating results before changes in working capital		***5 901 077***	***5 178 684***
Receivables (increase)/ decrease		1 812 710	(2 584 212)
Inventories decrease / (increase)		(42 523)	99 739
Payables (decrease)/ increase		479 537	966 145
Cash flows from operating activities		***8 150 801***	***3 660 356***
Interest paid		(1 754 859)	(2 298 055)
Corporate income tax paid		(37 505)	-
Net cash flow generated from operating activities		**6 358 437**	**1 362 301**
Cash flows from investing activites			
Purchases of intangible assets and property, plant and equipment		(2 225 314)	(2 606 124)
Proceeds from sale of property, plant and equipment		6 665 804	10 336 145
Net cash used in investing activities		**4 440 490**	**7 730 021**
Cash flows from financing			
Proceeds from bonds		-	200 000
Repayment of borrowings from credit institutions		-	(15 161)
Repayment of bonds		(2 625 800)	(2 703 700)
Repayment of other borrowings		(3 933 999)	(718 020)
Repayment of lease liabilities		(7 015 968)	(5 900 916)
Net cash used in financing activities		**(13 575 767)**	**(9 137 797)**
Foreign curreny exchange		**(23 033)**	**(126 545)**
Net cash flow for the year		**(2 799 873)**	**(172 020)**
Cash and cash equivalents at the beginning of the reporting year		3 720 140	3 892 160
Cash and cash equivalents at the end of the reporting year	**21**	**920 267**	**3 720 140**

The notes on pages 12 to 54 are an integral part of these consolidated financial statements.

On behalf of the Group these consolidated financial statements were signed on 28 April 2022 by:

Andris Bisnieks
Member of the Board

Andris Pavlovs
Member of the Board

Baiba Onkele
Chief financial officer

Consolidated statement of changes in equity

	Share capital	Foreign currency translation reserve	Other reserves*	Retained earnings / (losses)	Total
	EUR	EUR	EUR	EUR	EUR
Balance at 31 December 2019	**33 316 278**	**56 673**	**26 774**	**(6 444 738)**	**26 954 987**
Loss for the year	-	-	-	(11 333 479)	**(11 333 479)**
Other comprehensive expenses	-	(81 776)	-	-	**(81 776)**
Balance at 31 December 2020	**33 316 278**	**(25 103)**	**26 774**	**(17 778 217)**	**15 539 732**
Loss for the year	-	-	-	(3 402 850)	**(3 402 850)**
Other comprehensive expenses	-	(23 033)	-	-	**(23 033)**
Balance at 31 December 2021	**33 316 278**	**(48 136)**	**26 774**	**(21 181 067)**	**12 113 849**

* One of the Group's subsidiaries has an obligation to allocate certain percentage from financial year's profit to reserves.

The notes on pages 12 to 54 are an integral part of these consolidated financial statements.

On behalf of the Group these consolidated financial statements were signed on 28 April 2022 by:

Andris Bisnieks
Member of the Board

Andris Pavlovs
Member of the Board

Baiba Onkele
Chief financial officer

Notes to the consolidated financial statements

1. General information

Storent Investments AS (hereinafter – the Group's Parent company or Storent Investments AS) was registered in the Company Register of the Republic of Latvia on 7 October 2014. Registered address of the Group's Parent company is 15A Matrozu street, Riga, Latvia. Starting from 20 November 2014, the major shareholder of the Group's Parent company is LEVINA INVESTMENTS S.A.R.L (Luxemburg) and ultimate controlling party is Convering Europe Fund III (SCS) SICAR. LEVINA INVESTMENTS S.A.R.L as an investment entity does not produce consolidated financial statements. There have been no changes in name of reporting entity or other means of identification from end of preceding reporting period.
The Group's Parent company and its subsidiaries Storent SIA, UAB Storent, Storent OÜ, Storent AB, Storent AS, Storent OOO, Storent Holding Finland OY and Storent Oy (hereinafter – the Group) main operations relate to the rental of industrial equipment.

2. Summary of significant accounting policies

(a) Basis of preparation

The consolidated 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 consolidated financial statements have been prepared on the historical cost basis. Income statement classified by expense type. Statement of cash flows is prepared using the indirect method.
The accompanying consolidated financial statements are presented in the official currency of the Republic of Latvia, the euro (hereinafter – EUR).
These Consolidated Financial Statements are authorized for issue by the Company's Management Board on 28 April 2022, and are subject to the approval of the shareholders. The shareholders have the right to reject these Consolidated Financial Statements prepared and issued by the Management Board and the right to request that new Consolidated Financial Statements are prepared and issued.

(b) Consolidation

As at 31 December 2021 the Group's Parent company had control over the following subsidiaries:

Name	Country	Type of business	Date of incorporation / acquisition	Share of interest
Subsidiaries				
Storent SIA	Latvia	Rental of industrial equipment	17 April 2008	100%
Storent UAB	Lithuania	Rental of industrial equipment	27 November 2008	100%
Storent OU	Estonia	Rental of industrial equipment	7 July 2009	100%
Storent Holding Finland Oy	Finland	Rental of industrial equipment	4 September 2012	100%
Storent AB	Sweden	Rental of industrial equipment	15 January 2013	100%
Storent AS	Norway	Rental of industrial equipment	27 June 2013	100%
Storent Oy*	Finland	Rental of industrial equipment	21 December 2016	100%*
Storent OOO	Russia	Rental of industrial equipment	01 August 2017	100%

*indirect shareholding

The separate financial statements of the subsidiaries have been consolidated into the Group's consolidated financial statements, consolidating the respective assets, liabilities, revenue and expense items. The subsidiaries controlled by the Group's Parent company are included in the consolidation. Control is achieved when the Group:
- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

2. **Summary of significant accounting policies** (cont.)

(b) Consolidation (cont.)

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of comprehensive income and other comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary. The Group Parent company's and its subsidiaries' financial years are equal and represent the calendar year. For the purposes of preparing the consolidated financial statements uniform accounting policies have been applied.

The consolidated financial statements include all assets, liabilities, revenue, expenses, gains, losses and cash flows of Storent Investments AS and its subsidiaries Storent SIA, Storent UAB, Storent OÜ, Storent Holding Finland Oy, Storent AB, Storent AS, Storent OOO and Storent Oy in the manner as if Storent Investments AS and its subsidiaries were a single entity.

Upon consolidation inter-company unrealized profit, inter-company transactions, balances, inter-company interest in entities and other transactions between group companies are eliminated. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

(c) Foreign currency transactions

The monetary unit used in the consolidated financial statements is the official currency of the European Union – euro (EUR), which is Group's Parents company and some of the subsidiaries functional and presentation currency. The functional currency of Storent AS is Norwegian krone, of Storent AB is Swedish krone and of Storent OOO is Russian ruble.

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 reference 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 loss from exchange rate differences, as well as from the foreign currency monetary assets and liabilities denominated in euro, are recognized in the consolidated statement of comprehensive income.

(d) Consolidation of foreign subsidiaries

Consolidating foreign subsidiaries into the consolidated financial statement, the Group's Parent company translated the monetary and non-monetary assets and liabilities at the European Central Bank reference exchange rate ruling at the closing balance sheet date, and revenue and expense items of the foreign subsidiaries at the reference exchange rates at the dates of the transactions. Exchange differences arising on recognizing asset and liability items, translating at exchange rates, are recognized in other comprehensive income and accumulated in equity.

(e) Use of judgements, estimates and assumptions

Preparation of the consolidated financial statements according to the IFRS requires the Group's management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities. The determination of estimates is based on comprehensive information, current and expected economic conditions available to the management. Actual results could differ from those estimates.

2. Summary of significant accounting policies (cont.)

(e) Use of judgements, estimates and assumptions (cont.)

The following are the critical judgments and key estimates concerning the future, and other key sources of estimation uncertainty, which exist at the reporting date of the financial statements that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities during the next reporting period:

- *Note 12 – Recoverable value of goodwill and other non-current non-financial assets;*

The Group's management reviews the carrying amounts of intangible assets, including goodwill, and property, plant and equipment, and assesses whether indications exist that the assets' recoverable amounts are lower than their carrying amounts. The Group's management calculates and records an impairment loss on intangible assets and fixed assets based on the estimates related to the expected future use, planned liquidation or sale of the assets. Taking into consideration the Group's planned level of activities and the estimated value in use of the assets, the Group's management considers that no significant adjustments to the carrying values of intangible assets and fixed assets are necessary as of 31 December 2021.

(f) Fair value

The fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The objective of a fair value measurement is to estimate the price at which an orderly transaction to sell the asset or to transfer the liability would take place between market participants at the measurement date under current market conditions. For fair value calculation the Group determines the following:

- the particular asset or liability that is the subject of the measurement (consistently with its unit of account);
- for a non-financial asset, the valuation premise that is appropriate for the measurement (consistently with its highest and best use);
- the principal (or most advantageous) market for the asset or liability;
- market approach is the valuation technique(s) the Group uses for the measurement – it uses prices and other relevant information generated by market transactions involving identical or comparable (similar) assets, liabilities, or a group of assets and liabilities (e.g., a business).

(g) Segment information

Reportable segments are operating segments or aggregations of operating segments that meet specified criteria. An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the Group), is a component of the Group whose operating results are regularly reviewed by the Group's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available. Segment information is presented for Group's operating segments, which are determined by geographical split. Operating segments are managed separately and they are separately reported in internal management reporting to the Council and the Board.

(h) Revenue recognition

The Group recognises revenues according to IFRS 15 "Revenues from contracts with customers", using the 5-step model. The model consists of:

1. Determination of contractual relations;
2. Determination of contract performance obligation;
3. Determination of transaction price;
4. Attribution of transaction price to the performance obligation;
5. Recognition of income, when the Group 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 Group may identify the rights of each party in relation to deliverable goods or services;
- The Group may identify settlement procedures for the goods or services;
- The contract has commercial nature;
  There is high possibility, that the Group 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.)

(h) Revenue recognition *(cont)*

Determination of contract performance obligation.

The performance obligation exists, if there are distinct goods or services transferred to the customer or a series of distinct goods or services that are substantially the same and that have the same pattern of transfer to the customer. Group has considerate following factors as to whether a promise to transfer goods or services to the customer is not separately identifiable:

- Group does provide a significant service of integrating the goods or services with other goods or services promised in the contract;
- the goods or services are highly interrelated or highly interdependent.

Determination of transaction price

The transaction price is the amount to which Group expects to be entitled in exchange for the transfer of goods and services. When making this determination, Group will consider past customary business practices. Where a contract contains elements of variable consideration, the entity will estimate the amount of variable consideration to which it will be entitled under the contract. Variable consideration can arise, for example, as a result of discounts, rebates, performance bonuses.

Attribution of the transaction price to the performance obligation

Generally, the contract with the customer includes a specified transaction price for each performance obligation. If applicable, the Group uses the adjusted market assessment method for determination of the market price. A discount is applied proportionally for each performance obligation, based on the relative goods or services sales prices. Any overall discount compared to the aggregate of standalone selling prices is allocated between performance obligations on a relative standalone selling price basis. In certain circumstances, it may be appropriate to allocate such a discount to some but not all of the performance obligations.

Customers can earn loyalty points that are redeemable against any future transactions of the Group's products. The points accumulate and expire after one year. The Group recognizes this as a separate performance obligation and allocates a part of the transactions price applying the same principles as described above. The amount allocated to the loyalty points is initially deferred and recognised as revenue when loyalty points are redeemed or on expiry.

Recognition of revenue, when the Group has fulfilled the performance obligation

Transport and related services revenue

Revenue is recognised over time as the services are provided, that is based on criteria that the customer simultaneously receives and consumes all of the benefits provided by the Group and, generally, invoiced on a monthly basis.

Fulfillment of performance obligations for transport and related services is measured based on the output method – performance to date, and there is no significant judgement applied to determine the fulfilment of the performance obligations.

Revenue from sale of inventories and property, plant and equipment used for renting

Revenue is recognised at a point in time when the corresponding asset is delivered to and accepted by the customer, thus, transferring the control and fulfilling the performance obligation, and, generally, invoiced at that point in time.

Contract assets and liabilities

Contracts with customers are presented in the Group's statement of financial position as a receivable. Invoices according the contract are generated at least once per month. Invoices are usually payable within 15-45 days. A contract liability is presented in the statement of financial position where a customer has paid an amount of consideration prior to the Group performing by transferring the related good or service to the customer.

(i) Employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

2. Summary of significant accounting policies (cont.)

(j) Government grants

The Group recognises a government grant when it has reasonable assurance that it will comply with the relevant conditions and the grant will be received.

A government grant that becomes receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the entity with no future related costs is recognised in profit or loss of the period in which it becomes receivable.

Government grants related to assets, including non-monetary grants at fair value, are presented in the statement of financial position either by setting up the grant as deferred income or by deducting the grant in arriving at the carrying amount of the asset.

(k) Income tax

The corporate income tax consists of the income tax calculated for the reporting year and deferred income tax. It is recognised in comprehensive income.

Current tax

Corporate income tax for the reporting year (Lithuania)

The corporate income tax for the reporting year has been calculated, by applying the corporate income tax rate of 15% to the taxable income for the tax year.

Corporate income tax for the reporting year (Estonia and Latvia)

The company's net profit is not subject to corporate income tax; however, income tax is levied on all dividends paid by the Company. Corporate income tax in Latvia and Estonia is calculated at the profit distribution (20/80 from net amount to be paid to shareholders). Corporate income tax will be recognized as tax payable at the period when shareholders decide to distribute profit.

Corporate income tax for the reporting year (Finland)

The corporate income tax for the reporting year has been calculated, by applying the corporate income tax rate of 20% to the taxable income for the tax year.

Corporate income tax for the reporting year (Sweden)

The corporate income tax for the reporting year has been calculated, by applying the corporate income tax rate of 20.6% to the taxable income for the tax year.

Corporate income tax for the reporting year (Russia)

The corporate income tax for the reporting year has been calculated, by applying the corporate income tax rate of 20% to the taxable income for the tax year.

Deferred tax

Deferred income tax arising due to temporary differences between the tax bases of assets and liabilities and their carrying amounts in these consolidated financial statements has been calculated, using the liability method for all countries the Group operates. Deferred income tax assets and liabilities are determined using the tax rates that are expected to apply when the related temporary differences reverse. The key temporary differences result from different depreciation tax rates applied under tax and accounting legislation and tax losses carried forward.

A deferred tax asset shall be recognized for the carry forward of unused tax losses and unused tax credits to the extent that it is probable that future taxable profit will be available against which the unused tax losses and unused tax credits can be utilized. When considering whether a deferred tax asset can be recognized the management uses their judgment in estimating whether there will be sufficient taxable profits in the future and about their timing and the overall future tax planning strategy.

2. Summary of significant accounting policies (cont.)

(k) Income tax (cont.)

Deferred income tax and profit distribution in (Latvia and Estonia)

Specific accounting for deferred tax due to tax regimes have been applied in the respect of Latvia and Estonia. According to legislation requirements in these countries corporate income tax is applicable to distributed profits. In case of reinvestment of profit, corporate income tax shall not be applied.

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 and Estonia, the applicable rate for undistributed profits is 0%.

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. Therefore, in the consolidated financial statements the Group could recognize deferred tax assets and liabilities in the respect of its investments in subsidiaries using tax rate applicable to distributed profits. In cases the parent has determined that subsidiary's profits will not be distributed in the foreseeable future the parent does not recognize a deferred tax assets and liabilities.

(l) Finance income and finance costs

The Group's finance income and finance costs include:

- Interest income;
- Interest expense;
- the foreign currency gain or loss on financial assets and financial liabilities;

Interest income or expense is recognised using the effective interest method. The 'effective interest rate' is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to:

- the gross carrying amount of the financial asset; or
- the amortised cost of the financial liability.

In calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired) or to the amortised cost of the liability. However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

(m) Intangible assets

Goodwill

The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognised in comprehensive income as incurred. Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. Goodwill is disclosed in intangible assets section.

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business less accumulated impairment losses, if any. Impairment test is performed annually or more frequently if events or changes in circumstances indicate that it might be impaired.

2. Summary of significant accounting policies (cont.)

(m) Intangible assets (cont.)

For the purpose of impairment testing, recoverable amount - value in use - is determined by discounting the future cash flows generated from the continuing use of assets and was based on the following key assumptions: Cash flows were projected based on financial budgets approved by the management covering a five-year period. Each of the Group's subsidiaries was determined to be a separate cash-generating unit ("CGU"). Cash flows were calculated separately for each CGU, key assumptions for calculations are the same for all CGU: five-year business plan for each CGU, discount factor, which is based on WACC calculation, and Group total IBD was divided between each CGU according to fleet proportion. The five-year business plan is based on the following assumptions: Group's amortisation and depreciation costs, IT costs, management fee, insurance costs and interest expenses are allocated to individual budget of each CGU according to fleet proportion allocated. Fleet proportion was calculated as a percent from total Group fleet according to fleet location to the date, when impairment test was performed. By using the same fleet proportion all Group's liabilities for equipment purchase are allocated in impairment calculation. Loss from goodwill impairment is recognized in consolidated statement of comprehensive income. Please, also refer to Note 12.

Other intangible assets

Other intangible assets primarily comprise capitalized costs of internally developed software. Other intangible assets are measured at historical cost amortized on a straight-line basis over the useful life of the assets. 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 costs of intangible assets

Development expenditure is capitalised only if the expenditure can be measured reliably, the product or process is technically, and commercially feasible, future economic benefits are probable, and the Group intends to and has sufficient resources to complete development and to use or sell the asset. Otherwise, such expenditure is treated as research costs and recognised in comprehensive income as incurred. In the reporting period, the Group did not incur any research costs.

After the Group has started to use the developed intangible asset, the recognized development costs are reclassified to the respective intangible asset group and subsequently measured at cost less accumulated amortisation and any accumulated losses.

Development costs are presented as Intangible assets in progress and are stated at historical cost. This includes the cost of development and other directly attributable expenses. Intangible assets in progress are not amortized as long as the respective assets are not completed and put into operation.

Expenditure on research activities, if any, is recognised in comprehensive income as incurred.

Amortisation

Amortisation is calculated based on the cost of intangible assets less their estimated residual values, which, generally, are insignificant, using the straight-line method over their estimated useful lives, and is recognised in comprehensive income. Goodwill is not amortised. Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted, if appropriate, to reflect the Group's management current view on their remaining useful lives in the light of changes in technology. The estimated useful lives of other intangible assets for current and comparative periods are as follows:

Trademarks and domains	5 years
Software licenses	3 years

(n) Property, plant and equipment

Property plant and equipment is stated at historical cost less accumulated depreciation and impairment. The acquisition costs include all expenditures attributable to binging the asset to working condition. In addition to direct purchasing expenses, it also includes other expenses related to the acquisition, such as transportations and assembling costs. Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Group.

2. Summary of significant accounting policies (cont.)

(n) Property, plant and equipment (cont.)

Depreciation is calculated using the straight-line method. The estimated useful lives of property, plant and equipment for current and comparative periods are as follows:

Machinery and equipment	4 - 12 years
Other	2 - 5 years

Construction in progress represents property, plant and equipment under construction and is stated at historical cost. This includes the cost of construction and other directly attributable expenses. Construction in progress is not depreciated as long as the respective assets are not completed and put into operation.

Leasehold improvements are amortised over the shorter of the useful life of the improvement and the term of the lease agreement.

Depreciation is calculated based on the cost of items of property, plant and equipment less their estimated residual values using the straight-line method over their estimated useful lives, and is recognised in comprehensive income. 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 is depreciated separately. Any gain or loss on disposal of an item of property, plant and equipment is recognised in comprehensive income.

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted, if appropriate, to reflect the Group'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. Group has fixed assets that are fully amortized and still are in use.

(o) Impairment of tangible and intangible assets other than goodwill

At the end of each reporting period, the Group assesses the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash generating unit to which the asset belongs. Each Group's subsidiary was determined as separate CGU.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in consolidated statement of comprehensive income.

When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years.

(p) Borrowings

Borrowings are recognized initially at fair value, net of transaction costs incurred.

After initial measurement, borrowings are carried at amortized cost using the effective interest rate method. The amortized value is calculated including any acquisition related discount or premiums and payments that are an integral part of the effective interest rate and transaction costs. Amortized cost is calculated by taking into account any loan or borrowing issue costs, and any discount or premium related to loans or borrowings.

(q) Inventories

Inventories are stated at the lower of cost and net realizable value.

Costs incurred in bringing the inventories to their present location and condition is measured for as follows:

- Consumables and finished goods are measured at cost of purchase applying "first in first out" (FIFO) method;

Net realizable value is the estimated selling price in the ordinary course of business, less all estimated costs of completion and costs necessary to make the sale, as well as assesses the physical condition of inventories during the annual stock count. Net realizable value is stated as cost less allowances.

2. Summary of significant accounting policies (cont.)

(r) Non-current assets classified as held for sale

Non-current assets that will be recovered through sale rather than through continuing use are classified as non-current assets classified as held for sale.

The conditions that must be met before a non-current asset can be classified as held for sale are as follows:

- The non-current asset must be available for immediate sale in its present condition subject only to terms that are usual and customary for sale of such assets; and
- Its sale must be highly probable, i.e.

- management must be commited to a plan to sell the non-current assets;
- an active program to locate a buyer and complete the plan must be initiated;
- the non-current assets must be actively marked for sale ar a reasonable price in relation to its current fair value;
- the sale should be expected to qualify for recognition as a completed sale within one year from date of classification;
- actions required to complete the plan should indicate that it is unlikely that the plan be changed significantly or be withdrawn.

At the end of the reporting year Group management has commited plan and list of non-current assets, that will be recovered through sale; sales chanel to realize this sale has found. All assets were ready for immediate sale. Non-current assets that are classified as held for sale are measured at the lower of carrying amount and fair value less costs to sell.

(s) Cash and cash equivalents

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

(t) Contingent liabilities and assets

The Group does not recognize any contingent liabilities in these financial statements. Contingent liabilities are disclosed, unless the probability that an outflow of resources will be required is remote. No contingent assets are recognized by the Group, they are disclosed if it is probable, that the economic benefits related to the transaction will flow to the Group.

(u) Provisions

A provision is recognized if the Group has a present obligation (legal or constructive) as a result of a past event, and it is probable that an outflow of resources embodying economic benefits will be required from the Group to settle the obligation, and a reliable estimate can be made of the amount of the obligation. If the Group expects that the expenditure required to settle the provision will be reimbursed by another party partly or fully, e.g., under the terms of an insurance contract, the reimbursement is recognized as a separate asset when and only when it is virtually clear that the reimbursement will be received. In the consolidated statement of comprehensive income, the expense relating to a provision may be presented net of the amount recognized for a reimbursement. Where the effect of the time value of money is material, the provisions are calculated by discounting the future expected cash outflows, using a pre-tax discount rate that reflects current market assessment of the time value of money and the risks specific to the liability. If discounting is used, increase in provisions is gradually recognized as borrowing costs.

(v) 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 Group becomes party to a contract that is a financial instrument. On initial recognition, the Group classifies and measures a financial asset at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

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

2. Summary of significant accounting policies (cont.)

(v) Financial assets and financial liabilities *(cont.)*

The Group 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 Trade receivables and Other receicables. These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. 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 Group 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 Group 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

The Group applies the simplified approach under IFRS 9. The Group always recognises lifetime ECL (expected credit losses) for trade receivables and contract assets. Lifetime ECL 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 Group's historical credit loss experience in each geographical location of operations separately over a two-year period, adjusted for factors that are specific to the debtors (please see also Note 17). General economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money are not incorporated into the calculation.

The Group 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 Group in full, without recourse by the Group 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.

Factoring

The Group has entered into certain factoring contracts, by which it sells the receivables to a factor and receives a part of the amount due immediately and the remainder when the customer settles its liability towards the factor. When the Group sells the receivables to the factor, it derecognizes the corresponding financial assets and recognizes a new receivable due from the factor. The Group's factoring contracts are considered as factoring without rights of regress. The proceeds received from the factor are presented in the Statement of cash flows as cash flows from operating activities.

Financial liabilities

Recognition, classification and subsequent measurement

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

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

2. Summary of significant accounting policies (cont.)

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

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.
Please refer to relevant Notes.

Offsetting

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

(w) Leases

The Group as lessor

Leases, for which the Group is a lessor, are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases. The Group, as a lessor, has not classified any lease as a financial lease.

When the Group is an intermediate lessor, it accounts for the head lease and the sublease as two separate contracts. The sublease is classified as a finance or operating lease by reference to the right-of-use asset arising from the head lease.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term. The Group as a lessor, generally, concludes short-term operating lease contracts with no non-cancellable period.

The Group as lessee

The Group assesses whether a contract is or contains a lease, at inception of the contract. The Group 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). For these leases, the Group 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. Group lease payments are based on concluded financial lease agreements with fixed lease payment schedule.

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.

2. Summary of significant accounting policies (cont.)

(w) Leases (cont.)

The Group 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 the period of the lease term.

(x) Related party transaction

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.

(y) Post balance sheet events

Only such post balance sheet events adjust amounts recognized in the consolidated financial statement, which provides additional information on the conditions that existed at balance sheet date (adjusting events). If post balance sheet events are not adjusting, they are disclosed in the consolidated financial statements only if they are material.

2. Summary of significant accounting policies (cont.)

(z) 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 consolidated 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 Group has not early adopted the new or amended standards in preparing these consolidated 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 Group'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 Group anticipates that the adoption of these new standards and amendments to the existing standards will have no material impact on the consolidated financial statements of the Group in the period of initial application.

3. Net revenue and operating segments

Net revenue by products and services	2021 EUR	2020 EUR
Rental revenue – own equipment	8 206 914	10 800 065
Rental revenue – sub-lease of right-of-use assets (see also Note 14)	5 202 688	7 083 860
Rental revenue – equipment under split rent arrangements (see also Note 14)	19 268 349	13 269 855
TOTAL Rental income:	**32 677 951**	**31 153 780**
Transport and related services revenue	9 509 383	9 565 003
Revenue from sale of inventories	783 847	1 463 331
Cash discounts to customers	(54 074)	(57 840)
TOTAL Revenue from contracts with customers:	**10 239 156**	**10 970 494**
TOTAL:	**42 917 107**	**42 124 274**

Operating segments

Segment information is presented for the Group's operating segments, which are determined by geographical split. The Group has disclosed the items and amounts by operating segment as reported in internal management reporting to the Council and the Board.

Net revenue per geographical location	2021 EUR	2020 EUR
Latvia	14 296 515	14 198 895
Lithuania	10 581 119	8 957 279
Estonia	4 602 489	4 786 806
TOTAL Baltic (Latvia, Estonia and Lithuania):	**29 480 123**	**27 942 980**
Finland	10 390 040	11 141 525
Sweden	2 391 517	2 493 566
TOTAL Nordic (Finland and Sweden):	**12 781 557**	**13 635 091**
Russia, Kaliningrad	655 427	546 203
TOTAL:	**42 917 107**	**42 124 274**

The Group defines operating result as net revenues and other operating income less cost of materials and services, personnel costs, other operating expenses, depreciation and amortization and impairment gain/(loss).

Operating result per geographical location	2021 EUR	2020 EUR
Baltic (Latvia, Estonia and Lithuania)	1 822 640	(4 774 393)
Nordic (Finland and Sweden)	(3 164 211)	(3 167 696)
Russia, Kaliningrad	233 649	135 310
Elimination of inter-segment operating result	75 121	109 535
Finance income	130 257	67 728
Finance expenses	(2 442 651)	(3 155 359)
Consolidated profit/(loss) before tax:	**(3 345 195)**	**(10 784 875)**

3. Net revenue and operating segments (cont.)

Property, plant and equipment, right of use assets and intangible assets are disclosed both on individual geographical location level and on an aggregated basis, in line with internal management reporting to the Council and the Board.

Property, plant and equipment and right of use assets per geographical location, net book value	**31.12.2021 EUR**	**31.12.2020 EUR**
Finland	8 877 339	10 734 786
Sweden	1 878 538	2 446 435
TOTAL Nordic (Finland and Sweden):	**10 755 877**	**13 181 221**
Latvia	6 716 476	10 272 012
Lithuania	3 599 576	5 826 521
Estonia	2 137 333	4 146 616
TOTAL Baltic (Latvia, Estonia and Lithuania):	**12 453 385**	**20 245 149**
Russia, Kaliningrad	151 046	128 464
TOTAL:	**23 360 308**	**33 554 834**

Intangible assets (including goodwill) and right of use assets per geographical location, net book value	**31.12.2021 EUR**	**31.12.2020 EUR**
Finland	1 829 525	1 645 263
Sweden	163 575	142 949
TOTAL Nordic (Finland and Sweden):	**1 993 100**	**1 788 212**
Latvia	1 350 511	1 377 293
Lithuania	8 958 003	8 982 107
Estonia	695 464	749 452
TOTAL Baltic (Latvia, Estonia and Lithuania):	**11 003 978**	**11 108 852**
Russia, Kaliningrad	379 673	367 085
TOTAL:	**13 376 751**	**13 264 149**
TOTAL NON-CURRENT NON-FINANCIAL ASSETS:	**36 737 059**	**46 818 983**

4. Other operating income

By type	**2021 EUR**	**2020 EUR**
Insurance reimbursements received	270 049	226 865
Cost reimbursement	218 730	81 379
Received government grant*	106 660	-
Recognized deferred income (see also Note 28)	57 107	135 111
Other income	10 501	5 507
Gains on sale of property, plant and equipment used for renting, net	641 968	-
TOTAL:	**1 305 015**	**448 862**

*One of the Group's entities has received government grant under the program of government support related to Covid-19 pandemic. Support programm was intended to compensate the decrease in net working capital. Entity has fulfilled all the conditions for the use of this support and recognized received amount in Other operating income in the reporting period. There are no conditions, under which the entity would have to repay the received support.

5. Cost of materials and services

a) Costs of raw materials and ancillary materials

	2021 EUR	2020 EUR
Cost of materials	617 517	711 862
Renting equipment adjustments as a result of stock counts	2 697	3 292
TOTAL:	**620 214**	**715 154**

b) Other external costs

	2021 EUR	2020 EUR
Equipment rent related costs (see also Note 14)	13 730 924	9 382 817
Transport and assembly services	6 315 953	6 971 627
Repairs and maintenance services	3 114 205	3 165 667
TOTAL:	**23 161 082**	**19 520 111**
TOTAL:	**23 781 296**	**20 235 265**

6. Other operating expenses

	2021 EUR	2020 EUR
Rent of offices, areas and maintenance costs	2 341 573	2 261 106
IT expenses	969 333	1 216 773
Administration transport costs	473 897	504 456
Other administrative expenses	460 242	548 915
Written-off doubtful debts	451 512	628 236
Remuneration to contractors	371 897	303 306
Losses on sale of property, plant and equipment used for renting, net*	-	544 525
Marketing expenses	263 428	460 329
Insurance costs	231 932	297 025
Legal services	146 906	119 388
Communication expenses	135 356	155 616
Consulting and other services**	105 338	181 998
TOTAL:	**5 951 414**	**7 221 673**

*Storent SIA and Storent Oy, on an ongoing basis, performs optimization of the rental equipment fleet by selling equipment, which is no longer in demand in rental market. The increase in rental equipment sold in 2021 and 2020 is related to the management's initiated change in the Group's operating model to increase the share of rental equipment provided by split-rent vendors.

Gains / (losses) on sale of property, plant and equipment used for renting, net calculation:	2021 EUR	2020 EUR
Gross income from sale of property, plant and equipment used for renting	6 546 191	9 480 164
Cost of sold property, plant and equipment used for renting	(5 904 223)	(10 024 689)
TOTAL Gains / (losses) on sale of property, plant and equipment used for renting, net:	**641 968**	**(544 525)**

Net gains are presented under Other operating income, while Net losses are presented under Other operating expenses.

6. Other operating expenses (cont.)

**including audit fee to KPMG Baltics SIA:

	2021 EUR	2020 EUR
Financial statements audit fee	90 298	82 264
TOTAL:	**90 298**	**82 264**

7. Depreciation and amortization

	2021 EUR	2020 EUR
Depreciation of property, plant and equipment used for renting	677 978	3 445 912
Depreciation of property, plant and equipment used for own needs	410 320	402 059
Rights of use assets amortization	4 710 549	4 167 912
Amortization of intangible assets	888 300	871 638
TOTAL:	**6 687 147**	**8 887 521**

8. Finance income

	2021 EUR	2020 EUR
Foreign exchange income	21 076	40 010
Interest income calculated using the effective interest method	2 521	27 718
TOTAL:	**23 597**	**67 728**

9. Finance expenses

	2021 EUR	2020 EUR
Interest on borrowings* calculated using the effective interest method	1 132 433	1 205 286
Interest on leases	743 920	928 440
Interest on bonds* calculated using the effective interest method	513 271	987 153
Interest on factoring**	6 109	9 687
Interest on overdraft	2 340	-
Foreign exchange losses	9 755	-
Other expenses	34 823	24 793
TOTAL:	**2 442 651**	**3 155 359**

*Interest expenses presented above are incurred by financial instruments presented in the Group's financial liabilities at amortized cost in accordance with IFRS 9.

**In 2014 Group has signed factoring contract with Nordea Bank AB, which improved liquidity of the Group. The management of the Group treats this contract as factoring without rights of regress. In 2021, the maturity of these contracts was been prolonged till 31.03.2022.

10. Income tax and deferred income tax assets / liabilities

	2021 EUR	2020 EUR
Corporate income tax calculated for the year	(55 847)	(15 807)
Deferred income tax changes due to temporary differences	(1 808)	(532 797)
Corporate income tax recognized in consolidated statement of comprehensive income:	**(57 655)**	**(548 604)**

The Group's reconciliation of the effective tax rate is based on its domestic tax rate, with a reconciling item in respect of tax rates applied by Group companies in other jurisdictions. The reconciliation of the effective tax rate is based on an applicable tax rate that provides the most meaningful information to users.

Reconciliation of the actual corporate income tax with calculated theoretical tax:

		2021 EUR		2020 EUR
Profit / (loss) before income tax, subject to corporate income tax		**(3 345 195)**		**(10 784 875)**
The calculated theoretical corporate income tax – at 20%	20,0%	(669 039)	20,0%	(2 156 975)
Effect of tax rates in foreign jurisdictions	(0,31%)	10 465	(0,32%)	34 195
Permanent differences:				
Impact of Goodwill write-off	-	-	(7,49%)	807 358
Non-deductible expenses and other permanent differences	(1,55%)	51 827	(1,10%)	118 192
Unrecognized temporary differences (tax losses carried forward)	(19,86%)	664 402	(16,19%)	1 745 833
The actual corporate income tax for the reporting year:	**(1,72%)**	**57 655**	**(5,09%)**	**548 604**

Deferred income tax:

The Group management has determined that eligable subsidiary's profits will not be distributed in the foreseeable future, and, thus, the Group has not recognized related deferred tax liabilities. The unrecognized deferred tax liabilities as at 31 December 2021 amount to EUR 1 644 260 (31.12.2020: EUR 1 314 414).

The unused tax losses, for which deferred tax asset is recognized only to the extent of taxable temporary differences, as at 31 December 2021 consist of EUR 8 270 226 (31.12.2020: EUR 6 925 394) that expire from 2028 to 2031 and EUR 5 945 637 (31.12.2020: EUR 5 348 402) that, under certain conditions, do not expire. There are no other material deductible temporary differences and unused tax credits for which no deferred tax asset is recognised.

The Group's management has prepared a Business plan for the next five-years and evaluated the actual and potential impact of Covid-19 pandemic. Based on the five-year business plan for Finland, Sweden and Lithuania the management doesn't see that the next five-years' taxable profit will be enough to cover the previous tax losses. As a result, the Group's management decided to recognize deferred tax assets only in the amount equal to the deferred tax liabilities that are expected to reverse in future reporting periods.

10. Income tax income and deferred income tax assets / liabilities (cont.)

Movement in deferred tax balances 2021 EUR	Net balance at 1 January	Recognised in profit or loss	Currency revaluation effect	Balance at 31 December 2021 Net	Deferred tax assets	Deferred tax liabilities
Accelerated depreciation for tax purposes	687 528	179 886	-	867 414	-	867 414
Tax losses carried forward	(2 339 515)	(760 907)	(1 808)	(3 102 130)	(3 102 230)	-
Loss allowances	(93 807)	(81 546)	-	(175 353)	(175 353)	-
Other items	(39)	(27)	-	(66)	(66)	-
Unrecognized deferred tax asset	1 745 833	664 402	-	2 410 235	2 410 235	-
	-	**1 808**	**(1 808)**	**-**	**(867 414)**	**867 414**
				Set-off	**866 128**	**(866 128)**
				Net deferred tax	**(1 286)**	**1 286**

Movement in deferred tax balances 2020 EUR	Net balance at 1 January	Recognised in profit or loss	Currency revaluation effect	Balance at 31 December 2020 Net	Deferred tax assets	Deferred tax liabilities
Accelerated depreciation for tax purposes	600 394	87 134	-	687 528	-	687 528
Tax losses carried forward	(1 059 399)	(1 266 952)	(13 164)	(2 339 515)	(2 339 515)	-
Loss allowances	(58 286)	(35 521)	-	(93 807)	(93 807)	-
Employee benefits	3 333	(3 333)	-	-	-	-
Other items	(5 675)	5 636	-	(39)	(39)	-
Unrecognized deferred tax asset	-	1 745 833	-	1 745 833	1 745 833	-
	(519 633)	**532 797**	**(13 164)**	**-**	**(687 528)**	**687 528**
				Set-off	**687 528**	**(687 528)**
				Net deferred tax	**-**	**-**

11. Personnel costs and number of employees

		2021 EUR	2020 EUR
Salaries		6 647 507	7 334 351
State social security mandatory contributions		1 753 257	2 009 422
Other personnel costs		376 289	562 340
	TOTAL:	**8 777 053**	**9 906 113**

Executive management remuneration:		2021 EUR	2020 EUR
Board members			
Salaries		452 849	813 000
State social security mandatory contributions		106 835	195 864
	TOTAL:	**559 684**	**1 008 864**

		2021	2020
Average number of employees during the reporting year		262	297
	TOTAL:	**262**	**297**

Personnel costs by function:		2021 EUR	2020 EUR
Sales		3 297 263	3 835 358
Customer services		3 572 331	4 155 315
Administration and finance staff		1 907 459	1 915 440
	TOTAL:	**8 777 053**	**9 906 113**

12. Intangible assets

	Licenses and similar rights	Other intangible assets	Intangible assets in progress	Goodwill	TOTAL
	EUR	EUR	EUR	EUR	EUR
At 31 December 2019					
Historical cost	558 543	3 815 816	-	15 346 352	19 720 711
Accumulated amortisation	(405 507)	(2 343 674)	-	-	(2 749 181)
Net carrying value	**153 036**	**1 472 142**	**-**	**15 346 352**	**16 971 530**
FY 2020					
Net carrying value, opening	153 036	1 472 142	-	15 346 352	16 971 530
Additions	-	778 519	418 813	-	1 197 332
Write-off	(53 204)	-	-	(4 029 645)	(4 082 849)
Amortisation	(47 673)	(823 965)	-	-	(871 638)
Net carrying value, closing	52 159	1 426 696	418 813	11 316 707	13 214 375
At 31 December 2020					
Historical cost	505 339	4 594 335	418 813	11 316 707	16 835 194
Accumulated amortisation	(453 180)	(3 167 639)	-	-	(3 620 819)
Net carrying value	**52 159**	**1 426 696**	**418 813**	**11 316 707**	**13 214 375**
FY 2021					
Net carrying value, opening	52 159	1 426 696	418 813	11 316 707	13 214 375
Additions	937	459 636	566 475	-	1 027 048
Write-off	-	(177)	-	-	(177)
Amortisation	(32 280)	(856 020)	-	-	(888 300)
Net carrying value, closing	20 816	1 030 135	985 288	11 316 707	13 352 946
At 31 December 2021					
Historical cost	506 276	5 053 794	985 288	11 316 707	17 862 065
Accumulated amortisation	(485 460)	(4 023 659)	-	-	(4 509 119)
Net carrying value	**20 816**	**1 030 135**	**985 288**	**11 316 707**	**13 352 946**

All intangible assets are used by the Group.

Fully amortized intangible assets

On 31 December 2021, intangible assets of the Group included assets with acquisition value of EUR 2 717 463 (31.12.2020.: EUR 1 810 858), which were completely written down into amortization costs and are still actively used in economic activity. Most of these intangible 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 Group 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 Group and operational information for the Group's management to make decisions. The item "Intangible assets in progress" currently includes only those costs that the Group can reliably measure and that meet the IFRS criteria for capitalization.

Goodwill by CGU	31.12.2021 EUR	31.12.2020 EUR
Storent SIA	680 035	680 035
Storent UAB	8 742 675	8 742 675
Storent OU	542 475	542 475
Storent Oy	1 021 937	1 021 937
Storent OOO	329 585	329 585
	11 316 707	**11 316 707**

12. Intangible assets (cont.)

At the moment of issue of these financial statements the CGU of Storent OOO continues to operate without significant changes. Before 24 February 2022 Russia CGU operated quite independently, management don't see any major risks for further business activities. The Group monitors and follows sanction restrictions and so far they don't affect the CGU's activities. Storent OOO has no internal transactions with other subsidiaries.

The key assumptions used in the estimation of the recoverable amount (value in use) are the following:

31.12.2021	Storent SIA	Storent UAB	Storent OU	Storent Oy	Storent AB	Storent OOO
EBITDA margin	16%-18% in years 2022-2026, 16% in terminal year (2021 actual: 16%)	9%-18% in years 2022-2026, 9% in terminal year (2021 actual: 16%)	1%-18% in years 2022-2026, 1% in terminal year (2021 actual: -8%)	15%-18% in years 2022-2026, 15% in terminal year (2021 actual: -14%)	14%-16% in years 2022-2026, 14% in terminal year (2021 actual: -8%)	48%-40% in years 2022-2026, 48% in terminal year (2021 actual: -51%)
EBITDA growth rate	2%	9%	18%	3%	2%	-8%
Period of cash flows forecast	5 years + terminal year	5 years + terminal year	5 years + terminal year	5 years + terminal year	5 years + terminal year	5 years + terminal year
WACC	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	Storent SIA	Storent UAB	Storent OU	Storent Oy	Storent AB	Storent OOO
EBITDA margin	12%-16% in years 2021-2025, 16% in terminal year (2020 actual: 18%)	12%-17% in years 2021-2025, 17% in terminal year (2020 actual: 11%)	3%-14% in years 2021-2025, 14% in terminal year (2020 actual: -6%)	24%-25% in years 2021-2025, 25% in terminal year (2020 actual: 14%)	10%-19% in years 2021-2025, 19% in terminal year (2020 actual: 4%)	36%-37% in years 2021-2025, 37% in terminal year (2020 actual: 37%)
EBITDA growth rate	4%	5%	9%	1%	9%	1%
Period of cash flows forecast	5 years + terminal year	5 years + terminal year	5 years + terminal year	5 years + terminal year	5 years + terminal year	5 years + terminal year
WACC	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%

To determine the key assumptions of EBITDA margin and EBITDA growth rate, the Group management has considered both the Group's past experience as well the future trends and forecasts of the construction market in the specific country where the CGU is located.

The recoverable value of goodwill and other non-current non-financial assets significantly depends on the assumptions used in the assessment of recoverable value with respect to EBITDA margin and EBITDA growth rate and the Group management's ability to realize those assumptions, as well the overall development of Baltic and Nordic construction market. Any adverse changes to these assumptions caused by volatility of the market the Group operates in, may negatively influence the recoverable value of goodwill and other non-current non-financial assets recognized on the Group's balance sheet as of 31 December 2021. Please refer further to Notes 35 and 36.

12. Intangible assets (cont.)

Sensitivity analysis

The Group 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 to which goodwill is allocated. 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. In the future, the Finnish company will focus more on rental services, in 2021 the Heavy Team department was closed, which will have a positive effect. The company will also look for opportunities to outsource transport services, thus increasing its efficiency. Much greater emphasis will be placed on the efficient use of the rental park, getting rid of unprofitable products and adapting to market demand.

The key assumptions that may affect the recoverable value and, thus, the carrying amount of the cash-generating units are the fulfilment of the EBITDA budget and the weighted average cost of capital. 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**	**28,15**	**63,06**	**37,32**

Based on the calculations, a decrease in EBITDA would lead to the fact that the carrying amount of Estonian and Swedish CGUs, 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 CGUs, 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.

13. Property, plant and equipment

	Land and buildings	Machinery and equipment	Other fixed assets	Construction in progress	TOTAL
	EUR	EUR	EUR	EUR	EUR
at 31 December 2019					
Historical cost	307 058	38 065 065	3 553 628	10 007	41 935 759
Accumulated depreciation	(72 877)	(20 494 749)	(2 657 616)	-	(23 225 243)
Net carrying value	**234 181**	**17 570 316**	**896 012**	**10 007**	**18 710 516**
FY 2020					
Net carrying value, opening	234 181	17 570 316	896 012	10 007	18 710 516
Additions	-	1 119 763	182 052	-	1 301 815
Transfered	-	-	-	(10 007)	(10 007)
Transfered from ROU at the end of the lease (Note 14)	-	5 505 841	68 017	-	5 573 858
Disposals, net	(4 080)	(10 345 364)	(88 756)	-	(10 438 200)
Depreciation	(10 976)	(3 445 912)	(391 083)	-	(3 847 971)
Net carrying value, closing	219 125	10 404 644	666 242	-	11 290 011
at 31 December 2020					
Historical cost	302 978	34 345 305	3 714 941	-	38 363 224
Accumulated depreciation	(83 853)	(23 940 661)	(3 048 699)	-	(27 073 213)
Net carrying value	**219 125**	**10 404 644**	**666 242**	-	**11 290 011**
FY 2021					
Net carrying value, opening	219 125	10 404 644	666 242	-	11 290 011
Additions	-	1 064 647	133 618	-	1 198 265
Reclassification to assets held for sale	-	(344 995)	-	-	(344 995)
Transfered from ROU at the end of the lease (Note 14)	-	5 668 427	37 105	-	5 705 532
Disposals, net	-	(6 732 582)	(72 114)	-	(6 804 696)
Depreciation	(15 055)	(677 978)	(395 265)	-	(1 088 298)
Net carrying value, closing	204 070	9 382 163	369 586	-	9 955 819
at 31 December 2021					
Historical cost	302 978	34 000 802	3 813 550	-	38 117 330
Accumulated depreciation	(98 908)	(24 618 639)	(3 443 964)	-	(28 161 511)
Net carrying value	**204 070**	**9 382 163**	**369 586**	-	**9 955 819**

All property, plant and equipment classified as Machinery and equipment and Other fixed assets are leased out by the Group under operating lease terms. Other types of property, plant and equipment are used by the Group.

Machinery and equipment that has been prepared for selling in the beginning of 2022 is classified in this consolidated annual report as Assets held for sale. Please see Note 16.

A number of fully depreciated property, plant and equipment are still used for the Group's business operations. The total historical cost of such property, plant and equipment as at 31 December 2021 amounted to EUR 9 683 288 (31.12.2020: EUR 10 288 432).

14. Rights of use assets

	Licenses and similar rights	Land and buildings	Machinery and equipment	Other fixed assets	Total
	EUR	EUR	EUR	EUR	EUR
At 1 January 2020	-	1 114 244	29 987 732	738 107	31 840 083
Additions	77 907	125 832	97 165	200 474	501 378
Transferred to PP&E at the end of the lease on transfer of ownership (see Note 13)	-	-	(5 505 841)	(68 017)	(5 573 858)
Derecognition	-	(285 094)	-	-	(285 094)
Amortization	(28 133)	(318 007)	(3 573 082)	(248 690)	(4 167 912)
Net carrying value at 31 December 2020	**49 774**	**636 975**	**21 005 974**	**621 874**	**22 314 597**
At 1 January 2021	49 774	636 975	21 005 974	621 874	22 314 597
Additions	-	16 602	1 473 375	101 401	1 591 378
Reclassification to assets held for sell	-	-	(61 601)	-	(61 601)
Transferred to PP&E at the end of the lease on transfer of ownership (see Note 13)	-	-	(5 668 427)	(37 104)	(5 705 531)
Amortization	(25 969)	(245 627)	(4 301 396)	(137 557)	(4 710 549)
Net carrying value at 31 December 2021	**23 805**	**407 950**	**12 447 925**	**548 614**	**13 428 294**

All rights of use assets classified as Machinery and equipment and Other fixed assets are leased out by the Group under operating lease terms. Other types of rights of use assets are used by the Group for own purposes.

For information on incremental borrowing rates applied to lease liabilities, refer to Note 25.

Premises rent agreements that can be discontinued by sending letter to premises holder one to six months before termination, are not classified as rights of use assets since both parties have unilateral rights to terminate the contract and there is historical evidence of such right being exercised by both parties. Forklift rent agreements, without specified forklift serial number in agreement also are not classified as rights of use assets as those can be replaced by service provider and there is a history of such replacement at decision by service provider.

Amounts recognized in profit and loss:	**2021 EUR**	**2020 EUR**
Revenue from sub-lease of rights-of-use assets (see also Note 3)	5 202 688	7 083 860
Revenue from sub-lease of assets, for which lease liabilities are not recognized (see also Note 3)*	19 268 349	13 269 855
Expense related to variable lease payments not included in the measurement of the lease liability*	(13 730 924)	(9 382 817)
Depreciation expenses on right-of-use assets	(4 710 549)	(4 167 912)
Interest expense on lease liabilities	(743 920)	(928 440)
Expense relating to short-term leases	(1 575 702)	(1 439 742)
TOTAL:	**3 709 942**	**4 434 804**

*The Group does not recognize lease liabilities and right-of-use assets for machinery and equipment leased from split-rent vendors as the lease payments are entirely variable depending on sub-lease rental income.

15. Inventories

	31.12.2021 EUR	31.12.2020 EUR
Goods for resale (at cost)	548 301	513 318
Consumables (at cost)	602 569	595 027
TOTAL:	**1 150 870**	**1 108 345**

16. Assets held for sale

By the end of year 2021, Group management decided to sell the old equipment, which is no longer competitive in the market. Selected equipment for sales has been reclassified and moved from property, plant and equipment and rights of use assets to non-current assets held for sale. Before reclasification of equipment its balance value was compared to an estimated fair value less costs to sell. Estimated fair value less costs to sell was determined at market prices for same equipment with a similar technical condition. It was found that the balance value of equipment was lower than the estimated fair value less costs to sell. Therefore, revaluation of fixed assets is not necessary by the end of year 2021. There are no cumulative income or expenses included in Other comprehensive income relating to assets held for sale.

Reclassification of statmenet of financial positions	31.12.2021 EUR
Property, plant and equipment	344 995
Rights of use assets	61 601
Non-current assets classified as held for sale	**406 596**
Lease liabiltites (see Note 25)	23 039
Liabilitities directly associated with non-current assets classified as held for sale	**23 039**

17. Trade receivables

	31.12.2021 EUR	31.12.2020 EUR
Trade receivables	8 188 384	9 834 871
Allowance for doubtful debts	(2 259 455)	(2 307 188)
TOTAL:	**5 928 929**	**7 527 683**

Interest is not charged on late payment of receivables. Generally, trade receivables are due within 15 - 45 days.

Allowance for doubtful debts is expressed as lifetime expected credit loss and is calculated on a collective basis using simplified approach under IFRS 9.

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The Group's management has established a credit policy under which each new customer is analysed individually for creditworthiness before the Group's standard payment and delivery terms and conditions are offered. The Group's review includes external ratings, if they are available, financial statements, credit agency information and industry information. Sale limits are established for each customer and reviewed yearly. Any sales exceeding those limits require approval from the entity management or Group management. Monitoring customer credit risk is going on daily basis. Monitoring includes actual information from credit agency and review past due trade payables by each entity debt controllers. Please also see Note 33.

17. Trade receivables (cont.)

Main assumption of simplified approach under IFRS 9:

The appropriate grouping	Group uses debt grouping by countries for measurement of loss allowances on a collective basis
Period	Group uses a 2-year period to estimate historical loss rate
Historical loss rate	Calculation done, excluding Storent intercompany sales and sales to lease companies (lease-back). Excluded also debts from Crent SIA (Cramo SIA), that was merged with Storent SIA in December 2017
Timeframes used in calculation	Current / Due 1-30 / Due 31-60 / Due 61-90 / Due 91-180 / Due 181-360 / Due 361+ / Never Paid
Macro-economic factors	The Group did not find any material connection between actual credit loss rate and macro-economic factors. In the management's view, this is due to the construction sector often used to stimulate economic activity during an economic downturn.
Forward-looking information	In line with the conclusion on macro-economic factors above, the Group presumes that historical loss rates will prevail also in the future, and no adjustments at historical loss rates are done.

Trade receivables are not secured or collaterized.

The gross carrying amount of a trade receivables is written off when the Group has no reasonable expectations of recovering a trade receivable in its entirety or a portion thereof. The Group individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Group expects no significant recovery from the amounts written off. However, trade receivables that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

Changes in the allowance for doubtful debts	**31.12.2021 EUR**	**31.12.2020 EUR**
At the beginning of the year	**2 307 188**	**2 322 753**
Increase	403 779	612 671
Written-off	(451 512)	(628 236)
TOTAL:	**2 259 455**	**2 307 188**

The Group's gross trade receivables as at 31 December 2021 have decreased compared to 31 December 2020. During 2021, notwithstanding Covid-19 impact on the economy, there has been no significant increase in overdue amounts, including in credit-impaired balances. For details on overdue receivables by ageing category see Note 33.

18. Contract assets and contract liabilities

The following tables provide information about receivables, contract assets and contract liabilities from contracts with customers.

The contract assets primarily relate to the Group's rights to consideration for work completed but not billed at the reporting date. The contract assets are transferred to receivables when the rights become unconditional. This usually occurs when the Group issues an invoice to the customer.

Contracts balances	**31.12.2021 EUR**	**31.12.2020 EUR**
Receivables, which are included in 'Trade receivables'	8 188 384	9 834 871
Contract assets	4 192	13 804
TOTAL:	**8 192 576**	**9 848 675**

The contract liabilities primarily relate to the loyalty points earned by the customers as part of the Group's customer loyalty program, which was launched in 2020, and advances received from customers for performance obligations not yet performed.

18. Contract assets and contract liabilities (cont.)

Contracts balances	31.12.2021 EUR	31.12.2020 EUR
Contract liabilities – loyalty program	(131 408)	(302 402)
Contract liabilities – advances from customers	(272 937)	(250 075)
TOTAL:	**(404 345)**	**(552 477)**

Changes in contract liabilities:	31.12.2021 EUR	31.12.2020 EUR
At the beginning of the year	**(552 477)**	**(265 423)**
Revenue recognized from amounts included in contract liabilities at the beginning of the period	552 477	265 423
Revenue deferred during the period	(404 345)	(552 477)
TOTAL:	**(404 345)**	**(552 477)**

19. Other receivables

	31.12.2021 EUR	31.12.2020 EUR
Guarantee deposit	162 930	197 371
Advances to suppliers	39 961	32 854
Refundable value-added tax	26 813	35 664
Advances to employees	2 809	2 888
TOTAL:	**232 513**	**268 777**

20. Prepaid expenses

	31.12.2021 EUR	31.12.2020 EUR
Other deferred expenses	119 628	287 808
Total:	**119 628**	**287 808**

21. Cash and cash equivalents

	31.12.2021 EUR	31.12.2020 EUR
Cash in bank and cash, EUR	590 279	3 456 603
Cash in bank and cash, RUB	268 740	100 796
Cash in bank and cash, SEK	61 248	162 741
TOTAL:	**920 267**	**3 720 140**

22. Share capital of the Parent company

Registered share capital of the Group's Parent 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.

Parent company's shareholders as of 31 December 2020:

Shareholder	**Numbers of shares**	**Amount EUR**	**Participating interest (%)**
Levina Investments S.A.R.L. (Luxembourg)	24 320 882	24 320 882	73.0%
"Bomaria" SIA	4 497 698	4 497 698	13.5%
"Supremo" SIA	4 497 698	4 497 698	13.5%
TOTAL:	**33 316 278**	**33 316 278**	**100%**

Parent company's shareholders as of 31 December 2021:

Shareholder	**Numbers of shares**	**Amount EUR**	**Participating interest (%)**
Levina Investments S.A.R.L. (Luxembourg)	24 320 882	24 320 882	73.0%
"Bomaria" SIA	4 497 698	4 497 698	13.5%
"Supremo" SIA	4 497 698	4 497 698	13.5%
TOTAL:	**33 316 278**	**33 316 278**	**100%**

23. Other provisions

	31.12.2021 EUR	**31.12.2020 EUR**
Provisions for employee bonuses	121 518	94 898
Provisions for expenses	17 385	22 021
Total:	**138 903**	**116 919**

Provisions for employee bonuses and provisions for expenses are expected to result in cash outflows within a year of the reporting date. The uncertainty arises from the fact that the information on specific cash outflow amounts is not available to the management as at the reporting date. The Group does not expect any reimbursements with respect to the above amounts.

Changes in the provisions:	**31.12.2021 EUR**	**31.12.2020 EUR**
At the beginning of the year	**116 919**	**641 444**
Provisions made	405 354	208 354
Provision used	(383 370)	(732 879)
TOTAL:	**138 903**	**116 919**

24. Issued bonds

In 2017, the Group 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 Group 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, the Group 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 Group 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 quarter basis.

*Total borrowing origination fees and costs amounted to 223 970 EUR. The Group 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 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**

24. 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. 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

Emission with ISIN code LV0000802304

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 notes (ISIN LV0000802304) included in the Exchange trading system by transferring principal and interest payments to the bondholders.

25. Lease liabilities

By asset type	Maturity	Interest rate, (%)*	31.12.2021 EUR	31.12.2020 EUR	Balance sheet value of leased assets on 31.12.2021 EUR
Leasing companies (various asset types)	Various (2021 - 2024)	1.8-5.5% +3M EURIBOR	10 653 575	14 614 940	32 493 283
Redemption contracts (various asset types)	31.12.2022	1.5%	71 934	442 147	420 153
Supplier funding (various asset types)	28.07.2022	2%-8.67%	497 309	1 318 354	2 864 582
Premise's rent	31.12.2023	10.3%	638 885	691 419	1 062 961
Car rent	Various (2021-2023)	10.3%	32 493	249 078	68 503
IT sofware	2022	10.3%	28 554	54 439	77 908
Liabilities directly associated with assets held for sale	2022	2%-8.67%	23 039	-	61 601
		Total:	**11 945 789**	**17 370 377**	**37 048 991**
		Total Non-current liabilities:	6 789 551	11 158 537	
		Total Current liabilities:	5 156 238	6 211 840	

The maturity of lease liabilities disclosed in Note 33.

*Equals the incremental borrowing rate applied to measure the lease liabilities.

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	**17 370 377**	**22 866 881**
Repayment of lease liabilities	(7 015 968)	(5 880 898)
Total changes from financing cash flows	**(7 015 968)**	**(5 880 898)**
New leases	1 591 378	384 394
Interest expenses accrued	743 920	929 272
Interest paid	(743 920)	(929 272)
Total liability-related other changes	**1 591 378**	**384 394**
Balance at the end of the year	**11 945 787**	**17 370 377**

Total cash outflow for leases for the reporting year amounts to:

	2021 EUR	2020 EUR
Repayment of lease liabilities	7 015 968	5 880 898
Interest paid	743 920	929 272
Expenses relating to short-term leases	1 575 702	1 439 742
TOTAL:	**9 335 590**	**8 249 912**

26. Other borrowings

In 2015 – 2019, the Group 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 showed 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 EUR	Actual interest rate (%)	31.12.2021 EUR	31.12.2020 EUR
Haulotte Group SA	01.10.2021	4 957 370	2.49	-	1 006 667
Haulotte Group SA	01.09.2022	1 003 836	3.94	151 065	352 484
Haulotte Group SA	01.09.2022	1 994 007	3.94	318 798	743 861
Haulotte Group SA	01.09.2021	1 006 969	4	-	202 065
Haulotte Group SA	15.09.2022	1 004 278	4	201 525	470 277
Haulotte Group SA	01.08.2024	2 009 115	2.8	1 110 362	1 514 103
Yanmar Construction Equipment Europe S.A.S	01.09.2021	995 703	4	-	199 804
Yanmar Construction Equipment Europe S.A.S	15.09.2022	1 075 956	4	215 909	503 842
Yanmar Construction Equipment Europe S.A.S	04.08.2024	803 768	2.8	444 204	605 733
SA Manitou BF	04.08.2024	1 403 000	2.8	905 126	1 055 981
Incremental cost allocation		(1 058 151)		(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 1 058 151. The Group 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 of other borrowings to cash flows arising from financing activities:

	31.12.2021 EUR	31.12.2020 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	-	(20 017)
Incremental cost allocation amortization	142 139	76 845
Proceeds from additional discount	(8 884)	-
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**

Changes in the incremental cost allocation:

	31.12.2021 EUR	31.12.2020 EUR
At the beginning of the year	**218 398**	**295 244**
Incremental cost increase	-	186 605
Written off as adjustment to effective interest rate	(142 139)	(263 451)
TOTAL:	**76 259**	**218 398**

27. Taxes and national mandatory social insurance contributions

	31.12.2021 EUR	31.12.2020 EUR
Personal income tax	152 732	172 189
State social security mandatory contributions	169 326	205 836
Value added tax	597 654	577 256
Risk duty	3 448	3 294
TOTAL:	**923 160**	**958 575**

28. Deferred income

	31.12.2021 EUR	31.12.2020 EUR
Gain on sale-and-leaseback transactions	79 443	136 550
Total:	**79 443**	**136 550**
Total Non-current deferred income:	-	-
Total Current deferred income:	79 443	136 550

Sale-and-leaseback transactions

In 2016 to 2018, the Group entered into sale-and-leaseback transactions that resulted in sales proceeds exceeding the carrying amount of these assets, and the difference has been accounted as Deferred income. In line with IFRS 16 transition requirements, the Group continues to amortize the deferred gain on a strength-line method over the lease term for each of such assets.

In 2019, the Group entered into two sale-and-leaseback agreements, for which the Group assessed that the transactions did not result in a sale as the Group continued to control the underlying assets. The Group presents the received financing as lease liabilities and presents the excess of financing received over the carrying amount of the underlying assets as deferred liabilities.

Changes in the deferred income:	31.12.2021 EUR	31.12.2020 EUR
At the beginning of the year	**136 550**	**271 661**
Amortised and included in income of reporting year (See Note 4)	(57 107)	(135 111)
TOTAL:	**79 443**	**136 550**

29. Other liabilities

	31.12.2021 EUR	31.12.2020 EUR
Payroll	381 482	413 569
Other payables	7 999	9 767
TOTAL:	**389 481**	**423 336**

30. Accrued liabilities

	31.12.2021 EUR	31.12.2020 EUR
Accrues liabilities for unused employee vacations	964 054	866 863
Other accrued liabilities	268 929	236 165
Accrued liabilities for defined contribution pension insurance	75 999	84 488
TOTAL:	**1 308 982**	**1 187 516**

31. Related party transactions

31. (a) Related party transactions

Related party	Year	Goods and services received EUR	Payables to related companies EUR
Companies that have control over the Group's activities:			
Levina Investments S.A.R.L	2020	-	(5 624 057)
	2021	-	(6 023 340)
Companies with significant influence over the Group's activities:			
Supremo SIA	2020	(19 890)	(325 581)
	2021	(18 000)	-
Bomaria SIA	2020	(19 890)	(325 581)
	2021	(18 000)	-
The companies controlled by the Group's officers or their relatives: *			
Meistari ZS	2020	(5 063)	(406)
	2021	(5 789)	(406)
	Total 2020:	**(44 843)**	**(6 275 625)**
	Total 2021:	**(41 789)**	**(6 023 746)**

* Payables to the companies controlled by the Group's management or their relatives are included in the balance sheet item Trade payables, in the amount of EUR 406 as at 31 December 2021 (2020: EUR 406).

31. (b) Terms and conditions of transactions with related parties

The due from and due to amounts outstanding at the end of the reporting year are unsecured and will be settled in cash. No guarantees have been issued or received for the related party due from amounts.

31. (c) Borrowings from related companies

	Maturity	Interest rate %	31.12.2021 EUR	31.12.2020 EUR
Levina Investments S.A.R.L.	31.12.2022.	14	6 123 340	5 624 057
Bomaria LTD	31.12.2022.	6	-	325 581
Supremo LTD	31.12.2022.	6	-	325 581
	Total Non-current liabilities:			**6 275 219**
	Total current liabilities:		**6 123 340**	**-**

Full amount of loans is repayable upon maturity date. In February 2022, the Company's subsidiary Storent Holding Finland Oy has received confirmation to postpone the repayment of loan received from Levina Investments S.a.r.l. by additional one year, and the final due date of the loan is December 2023. Amendments to the agreement have been signed.

Reconciliation of movements of borrowing from related companies to cash flows arising from financing activities:

	31.12.2021 EUR	31.12.2020 EUR
Balance at the beginning of the year	**6 275 219**	**5 541 347**
Repayment of the borrowings from related companies	(651 162)	-
Total changes from financing cash flows	**(651 162)**	**-**
Interest expense	830 413	733 872
Interest paid	(331 130)	-
Total liability-related other changes	**499 283**	**733 872**
Balance at the end of the year	**6 123 340**	**6 275 219**

32. Financial instruments

Current and non-current loans and borrowings, trade receivables, cash and finance lease are the Group's key financial instruments. The financial instruments are held to finance the operating activities of the Group. The Group handles many other financial instruments, e.g., trade and other receivables, trade and other payables that arise. None of the Group's financial assets or financial liabilities are measured at fair value. Fair value is determined at initial recognition and, for disclosure purposes, at each reporting date.

Categories of financial assets and liabilities

	As at 31.12.2021		As at 31.12.2020	
Financial assets	**Carrying amount**	**Fair value**	**Carrying amount**	**Fair value**
Loans and receivables held at amortised cost				
- Trade receivables	5 928 929	5 928 929	7 527 683	7 527 683
- Other receivables	232 613	232 613	268 777	268 777
- Cash and cash equivalents	920 267	920 267	3 720 140	3 720 140
TOTAL financial assets:	**7 081 809**	**7 081 809**	**11 516 600**	**11 516 600**

	As at 31.12.2021		As at 31.12.2020	
Financial liabilities	**Carrying amount**	**Fair value**	**Carrying amount**	**Fair value**
Financial liabilities held at amortized cost				
- Issued bonds	4 838 565	4 875 661	7 446 468	7 455 800
- Loans from related companies	6 123 340	6 123 340	6 275 219	6 275 219
- Lease liabilities	11 945 789	11 945 789	17 370 377	17 370 377
- Other borrowings	3 270 730	3 270 730	6 436 419	6 436 419
- Trade payables	3 945 995	3 945 995	3 301 952	3 301 952
- Other payables	1 734 458	1 734 458	1 631 986	1 631 986
TOTAL financial liabilities:	**31 858 877**	**31 895 973**	**42 462 421**	**42 471 753**

33. Financial risk management

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows.

— 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).

If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

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.

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 Group.

The Group's Parent 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 determing 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.

The key risks associated with the Group's financial instruments are credit risk, liquidity risk, interest rate risk and currency risk. The management develops risk management policy in respect of each of the risks.

Credit risk

Credit risk is the risk that the Group incurred a financial loss if counterparty will fail to fulfil their obligations to the Group. The Group has credit risk exposure related to trade receivables, cash and cash equivalents. The Group controls its credit risk by closely monitoring the customer payment history and setting separate terms and conditions to individual customers. In addition, the Group closely monitors receivables balances to minimize the possibility of bad debts.

In terms of receivables as at 31 December 2021 and 2020 the Group did not have a significant credit risk concentration in respect of a single transaction partner or a group of partners of similar transactions.

The Group manages credit risk by independently assessing counterparty credit history and defining acceptable credit limit. The Group regularly monitors the overdue trade receivables. Trade receivables have a carrying amount which is reduced by loss allowances for bad and doubtful trade receivables (see Note 17).

The maximum credit risk exposure at 31 December 2021 was EUR 7 081 809 (31.12.2020: EUR 11 516 600).

33. Financial risk management (cont.)

At 31 December 2021 and 31 December 2020, the exposure to credit risk for trade receivables by geographic region was as follows:

	Carrying amount	
EUR	**2021**	**2020**
Baltics	4 845 944	6 298 480
Nordics	1 054 320	1 217 362
Other	28 665	11 841
	5 928 929	**7 527 683**

EUR	Weighted-average loss rate	Gross carrying amount	Loss allowance	Creditimpaired
Current (not past due)	0,4%	4 569 765	(16 053)	No
1–30 days past due	3,5%	1 079 728	(37 871)	No
31–60 days past due	12,3%	273 051	(33 468)	No
61–90 days past due	49,3%	110 940	(54 638)	No
More than 90 days past due	98,3%	2 154 900	(2 117 425)	Yes
Total at 31 December 2021		**8 188 384**	**(2 259 455)**	**-**

EUR	Weighted-average loss rate	Gross carrying amount	Loss allowance	Creditimpaired
Current (not past due)	0,6%	6 176 299	(37 122)	No
1–30 days past due	3,0%	1 023 109	(30 461)	No
31–60 days past due	16,3%	274 043	(44 576)	No
61–90 days past due	61,9%	125 439	(77 605)	No
More than 90 days past due	94,7%	2 235 981	(2 117 424)	Yes
Total at 31 December 2020		**9 834 871**	**(2 307 188)**	**-**

Sensitivity analysis

A reasonably possible change in the weighted average loss rates at 31 December would have affected the measurement of loss allowance of trade receivables and affected profit or loss by the amounts shown below. This analysis assumes that all other variables remain constant, and that loss rate is floored at 0% and capped at 100% of the gross carrying amount.

	31 December 2021		31 December 2020	
Effect in euro	**Increase**	**Decrease**	**Increase**	**Decrease**
Change in loss rate of 3 percentage points	246 856	(138 452)	295 046	(146 647)

33. Financial risk management (cont.)

Liquidity risk

Liquidity risk is the risk that the Group 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 Group'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 Group manages its liquidity risk by maintaining adequate cash and cash equivalents, planning payments of trade payables as well as developing and analysing future cash flows. The budgeting system used by the Group is helpful in the management and control of liquidity risk management.

The Group's management considers that the Group will have sufficient cash resources and its liquidity will not be compromised. As at 31 December 2021, the Group's liquidity ratio was 0,35. As at 31 December 2020, the Group's liquidity ratio was 0,64. Please refer to Note 35 for going concern considerations.

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

31.12.2021.	Contractual cash flows					Expected interest payments	Carrying amount
	< 3 months	**3-6 months**	**6-12 months**	**1-5 years**	**Total**	**Total**	**Total**
Issued bonds	(97 410)	(97 410)	(194 820)	(5 260 140)	**(5 649 780)**	(811 215)	4 838 565
Loans from related companies	-	-	-	(7 951 457)	**(7 951 457)**	(1 828 117)	6 123 340
Lease liabilities	(761 864)	(1 695 878)	(3 178 601)	(7 108 215)	**(12 744 558)**	(798 769)	11 945 789
Other borrowings	(617 106)	(451 123)	(755 728)	(1 629 993)	**(3 453 950)**	(183 220)	3 270 730
Trade payables	(3 945 995)	-	-	-	**(3 95 995)**	-	3 945 995
Tax and other payables	(1 621 978)	(112 480)	-	-	**(1 734 458)**	-	1 734 458
	(7 144 353)	**(2 356 891)**	**(4 129 149)**	**(21 849 805)**	**(35 480 198)**	**(3 621 321)**	**31 858 877**

31.12.2020.	Contractual cash flows					Expected interest payments	Carrying amount
	< 3 months	**3-6 months**	**6-12 months**	**1-5 years**	**Total**	**Total**	**Total**
Issued bonds	(1 149 926)	(129 926)	(3 118 926)	(3 515 226)	**(7 914 004)**	(523 443)	7 390 561
Loans from related companies	-	-	-	(7 235 853)	**(7 235 853)**	(960 634)	6 275 219
Lease liabilities	(996 833)	(2 091 169)	(3 872 305)	(11 896 790)	**(18 857 097)**	(1 486 720)	17 370 377
Other borrowings	(1 131 635)	(603 152)	(1 721 220)	(3 443 329)	**(6 899 336)**	(462 917)	6 436 419
Trade payables	(3 301 952)	-	-	-	**(3 301 952)**	-	3 301 952
Tax and other payables	(1 504 817)	(127 169)	-	-	**(1 631 986)**	-	1 631 986
	(8 085 163)	**(2 951 416)**	**(8 712 451)**	**(26 091 198)**	**(45 840 228)**	**(3 433 714)**	**42 406 514**

Please also see Note 35 describing liquidity management and going concern considerations.

33. Financial risk management (cont)

Interest rate risk

Interest rate risk is the risk of financial losses incurred by the Group due to adverse fluctuations in interest rates. The Group is exposed to interest rate risk mainly related to its current and non-current lease liabilities, while the interest rates on the Group's other liabilities are fixed and, thus, not subject to interest rate risk. This exposes the Group to the risk that interest expenses will increase in a situation when interest rates go up. The average interest rate on the Group's liabilities is disclosed in Notes 24, 25, 26 and 31 c. The Group doesn't use derivative financial instruments to manage its exposure to interest rate risk.

As the variable part of the interest rate applied to lease liabilities is floored at 0%, the sensitivity of the Group's comprehensive income and equity (as a result of the lease liabilities (see Note 25) with a variable interest rate element of 3M EURIBOR) to a reasonably possible interest rate change of +/- 0.5%, other variables remaining constant, is considered immaterial to the Group's financial performance.

Foreign currency risk

Foreign currency risk is the risk of financial losses incurred by the Group 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.

The Group does not have any material balances of financial assets and liabilities denominated in currencies other than the Euro. All of the Group's borrowings and lease liabilities are denominated in Euro, and, thus, not subject to foreign currency risk.

The Group is exposed to foreign currency risk mainly arising from transactions denominated in the Russian rubles (RUB) due to entity operating in Russia Kaliningrad region and Swedish krona (SEK) due to entity operating in Sweden.

The summary quantitative data about the Group's exposure to currency risk as reported to the management of the Group is as follows:

	31 December 2021		31 December 2020	
	SEK	**RUB**	**SEK**	**RUB**
Trade receivables	379 185	87 263	513 673	56 222
Trade payables	(127 388)	(13 828)	(136 264)	(4 853)
Net statement of financial position exposure	**251 797**	**73 435**	**377 409**	**51 369**
Next six months' forecast sales	1 304 793	286 773	1 393 118	252 290
Next six months' forecast purchases	(1 189 041)	(158 320)	(1 298 090)	(170 925)
Net forecast transaction exposure	**115 752**	**128 453**	**95 028**	**81 365**
Net exposure	**367 549**	**201 888**	**472 437**	**132 734**

The following exchange rates have been applied.

	Average rate		Year-end spot rate	
EUR	2021	2020	2021	2020
SEK 1	0.0986	0.0954	0.0976	0.0997
RUB 1	0.0115	0.0122	0.0117	0.0109

Sensitivity analysis

A reasonably possible strengthening (weakening) of the euro, Swedish krona, Russian ruble against all other currencies at 31 December would have affected the measurement of financial instruments denominated in a foreign currency and affected equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact of forecast sales and purchases.

	Profit or loss		Equity, net of tax	
Effect in euro	**Strengthening**	**Weakening**	**Strengthening**	**Weakening**
SEK (10% movement)	41 344	(41 344)	(22 937)	22 937
RUB (30% movement)	60 547	(60 547)	103 942	(103 942)

34. Capital management

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

	31.12.2021 EUR	31.12.2020 EUR
Interest bearing loans and borrowings	26 178 424	37 472 576
Trade and other payables	5 680 453	4 933 938
Less cash and cash equivalents	(920 267)	(3 720 140)
Net debt	**30 938 610**	**38 686 374**
Equity	12 113 849	15 539 732
Net debt to equity ratio:	**2.55**	**2.49**

35. Going concern of the Group

The Group’s financial performance in the reporting year was a loss of EUR 3 402 850 (2020: loss of EUR 11 333 479), which is a result of a slower than planned receovery in revenues due to lasting Covid-19 impact. At the end of the year, the Group’s current liabilities exceeded its current assets by EUR 16 329 132 (31.12.2020: current liabilities exceeded current assets by EUR 7 397 447), 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 24. Both of these conditions may cast significant doubts on the Group’s ability to continue as a going concern.

The Group’s 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 work on operational efficiency by developing online sales and paper-less rental process. Despite overall wage increase in all countries, personnel 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 lines of business – Heavy team. In spring 2022, management plans to start outsourcing 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 12.
- 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 the budget for 2022 it is planned to further 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 servicing assuring Group’s and the Company’s liquidity.
- 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 current 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 subsidiaries’ 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 Cargopoint 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 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 revenue 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 Storent Group and the actions taken by management, Storent Group entities expect to continue operations as a going concern. As such, these consolidated financial statements have been prepared on the basis that the Group 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 Group 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 Group 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 Group operates, could adversely affect the Group, its financial position and performance in the medium and long term, including its subsidiaries’ recoverable amount (please see Note 11, which describes the significant unobservable inputs used in estimating recoverable amount) and the Group’s ability to meet the terms and conditions of the borrowing agreements and payment terms, which presents a material uncertainty in relation to the Group's 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.

36. 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.

Please also refer to events and conditions described in Note 35.

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

On behalf of the Group these consolidated financial statements were signed on 28 April 2022 by:

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

Baiba Onkele
Chief financial officer

* * *

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Independent Auditors' Report

To the shareholders of Storent Investments AS

Report on the Audit of the Consolidated Financial Statements

Our Opinion on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Storent Investments AS ("the Company") and its subsidiaries ("the Group") set out on pages 7 to 54 of the accompanying consolidated Annual Report, which comprise:

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

In our opinion, the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of Storent Investments AS and its subsidiaries as at 31 December 2021, and of its consolidated financial performance and its consolidated 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 Consolidated Financial Statements* section of our report.

We are independent of the Group 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 consolidated 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 35 of the consolidated financial statements, which indicates that the Group incurred a net loss of EUR 3 402 850 during the year ended 31 December 2021 (2020: loss of EUR 11 333 479) and, as of that date, the Group's current liabilities exceeded its current assets by EUR 16 329 132 (31.12.2020: the Group's current liabilities exceeded its current assets by EUR 7 397 447). As stated in Note 35, 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 are primarily dependent on the ability of the Group 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 Storent Group operates, could adversely affect the Storent Group. These events and conditions, along with other matters as set forth in Note 35, indicate that a material uncertainty exists that may cast significant doubt on the Group'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 consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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 goodwill and other non-current non-financial assets

The Group's goodwill and other non-current non-financial assets as at 31 December 2021 amounted to EUR 36 737 059 (31 December 2020: EUR 46 818 983). Impairment charge of goodwill and other non-current non-financial assets for the year ended 31 December 2021 amounted to EUR 0 (year ended 31 December 2020: EUR 4 029 645).

Reference to the consolidated financial statements: Note 2 (e) "Use of judgements, estimates and assumptions", Note 2 (m) "Intangible assets", Note 2 (n) "Property, plant and equipment" and Note 2 (o) "Impairment of tangible and intangible assets other than goodwill" (accounting policy); Note 12 "Intangible assets", Note 13 "Property, plant and equipment" and Note 14 "Rights of use assets" (Notes to the consolidated 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 12, Note 13 and Note 14, the Group estimated the recoverable amount of its cash generating units, to which goodwill and other non-current non-financial assets are allocated, and recognized an impairment loss at the above date. The assessment of the recoverable amount and impairment of the Group's goodwill and other non-current non-financial assets	Our audit procedures included, among others: • evaluating against the requirements of the relevant financial reporting standards the Group's accounting policy for identification of impairment, and measurement and recognition of any impairment losses in respect of goodwill and other non-current non-financial assets;

balances incorporated significant management judgement in respect of factors 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 subjectivity in the carrying value of these assets recorded in the consolidated financial statement

Due to the above factors, we considered impairment of goodwill and other non-current non-financial assets to be a key audit matter.

- understanding the Group's business planning process, including the preparation and validation of financial and cash flow forecasts and testing the design and implementation of selected key internal controls over the Group'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 capital expenditure and timing of cash disbursements, discount rate and terminal growth rate based on our understanding of the Group's activities and by reference to publicly available industry/market reports;
- considered the reasonableness of the Group's 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 Group'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 Group's management is responsible for the other information. The other information comprises:

- General information, as set out on page 3 of the accompanying consolidated Annual Report,

- the Management Report, as set out on pages 4 to 5 of the accompanying consolidated Annual Report,
- the Statement on Management Responsibility, as set out on page 6 of the accompanying consolidated Annual Report,
- the Statement of Corporate Governance for 2021, as set out in 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 consolidated financial statements does not cover the other information included in the consolidated 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 consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed and in light of the knowledge and understanding of the Group 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 and Consolidated 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 consolidated financial statements are prepared is consistent with the consolidated financial statements; and
- the Management Report has been prepared in accordance with the requirements of the 'Law on the Annual Reports and Consolidated 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, in all material respects, 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 Consolidated Financial Statements

Management is responsible for the preparation of the consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

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

Auditors' Responsibility for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with 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 consolidated 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 consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the

consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.

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

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

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 consolidated financial statements of Storent Investments AS and its subsidiaries 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 Group;

- 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 Group the prohibited non-audit services (NASs) referred to of EU Regulation (EU) No 537/2014. We also remained independent of the audited group in conducting the audit.

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

Report on the Auditors' Examination of the European Single Electronic Format (ESEF) Report

In addition to our audit of the accompanying consolidated financial statements, as included in the consolidated Annual Report, we have also been engaged by the management of the Group to express an opinion on compliance of the consolidated financial statements prepared in a format that enables uniform electronic reporting ("the ESEF Report") with the requirements of the Commission Delegated Regulation (EU) 2019/815 of 17 December 2018 supplementing Directive 2004/109/EC of the European Parliament and of the Council with regard to regulatory technical standards on the specification of a single electronic reporting format (the "RTS on ESEF").

Responsibilities of Management and Those Charged with Governance for the ESEF Report

Management is responsible for the preparation of the consolidated financial statements in a format that enables uniform electronic reporting that complies with the RTS on ESEF. This responsibility includes:

- the preparation of the consolidated financial statements in the applicable xHTML format;
- the selection and application of appropriate iXBRL tags, using judgment where necessary;
- ensuring consistency between digitised information and the consolidated financial statements presented in human-readable format; and
- the design, implementation and maintenance of internal control relevant to the application of the RTS on ESEF.

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

Auditors' Responsibility for the Examination of the ESEF Report

Our responsibility is to express an opinion on whether the ESEF report complies, in all material respects, with the RTS on ESEF, based on the evidence we have obtained. We conducted our reasonable assurance engagement in accordance with *International Standard on Assurance Engagements 3000 (Revised), Assurance Engagements Other than Audits or Reviews of Historical Financial Information (ISAE 3000)* issued by the International Auditing and Assurance Standards Board.

A reasonable assurance engagement in accordance with ISAE 3000 involves performing procedures to obtain evidence about compliance with the RTS on ESEF. The nature, timing and extent of procedures selected depend on the auditor's judgment, including the assessment of the risks of material departures from the requirements of set out in the RTS on ESEF, whether due to fraud or error. Our procedures included, among other things:

- obtaining an understanding of the tagging process;
- tracing the tagged data to the consolidated financial statements of the Group presented in human-readable format;
- evaluating the completeness of the Group's tagging of the consolidated financial statements;
- evaluating the appropriateness of the Group's use of iXBRL elements selected from the ESEF taxonomy and creation of extension elements where no suitable element in the ESEF taxonomy has been identified;
- evaluating the use of anchoring in relation to the extension elements; and
- evaluating the appropriateness of the format of the consolidated financial statements.

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

Opinion

In our opinion, the ESEF Report of the Group as at and for the year ended 31 December 2021 has been prepared, in all material respects, in accordance with the requirements of the RTS on ESEF.

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.