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

SEPARATE ANNUAL REPORT FOR YEAR 2022

(The 9th financial year)

PREPARED IN ACCORDANCE WITH THE
INTERNATIONAL FINANCIAL REPORTING STANDARDS
AS ADOPTED BY THE EUROPEAN UNION
AND INDEPENDENT AUDITORS’ REPORT
Riga, 2023

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General information

Name of the company	"STORENT INVESTMENTS"
Legal status	Joint Stock Company
Number, place and date of registration	40103834303 Riga, 7 October 2014
Registered and business address	Matrožu iela 15a Riga, Latvia, LV-1048
Shareholders	"Storent Holdings" SIA 100% (from 28.12.2022) "Levina Investments" S.A.R.L. (Luksemburga) 73% (till 28.12.2022) "Bomaria" SIA 13.5% (till 28.12.2022) "Supremo" SIA 13.5% (till 28.12.2022)
Board of the Company	Andris Pavlovs, member of the Board Andris Bisnieks, member of the Board (till 28.12.2022)
Council of the Company	Esta Erī, chairman of the Council (from 28.12.2022) Baiba Onkele, deputy chairman of the Council (from 28.12.2022) Andžejs Strazdiņš, member of the Council (from 28.12.2022) Nicholas John Kabcenell, chairman of the Council (till 28.12.2022) Baiba Onkele, member of the Council (till 28.12.2022) Dalgin Burak, member of the Council (till 28.12.2022)
Annual report prepared by	Marina Grigore Chief accountant of Storent Investments AS
Type of activity	Supervision and management of subsidiaries; performance of functions of strategic and organizational planning and decision-making.
NACE code	70.22 Business and other management consultancy activities (NACE rev. 2.0)
Reporting year	1 January 2022 – 31 December 2022
Previous reporting year	1 January 2021 – 31 December 2021
Name and address of the independent auditor and the responsible sworn auditor	KPMG Baltics SIA License Nr. 55 Roberta Hirša street 1, Rīga, LV-1045, Latvia Armine Movsisjana Latvian sworn auditor Certificate No. 178

Management report

Type of activity of the Company

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

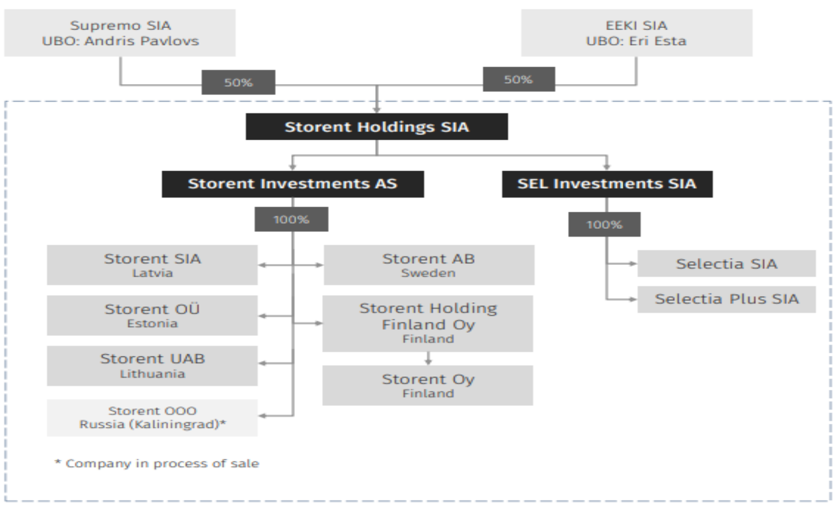
Development of the Company and results of financial operations in the reporting year

The main type of activity of the Company is related to provision of all the companies of the Storent group with financial resources, region differentiated sales strategies and activities, marketing initiatives and support of Storent brand, information technology systems, as well as provision of management services to related companies. In the reporting year, the Company's turnover increased by 3% reaching 5.0 million euro. The reporting year closed with a loss of EUR 438 447, which was mostly the result of impairment losses recognized for subsidiary in Kaliningrad and no incoming dividends from the subsidiaries. Storent Investments AS balance sheet has a very strong and steady financing structure consisting of 72% shareholder's equity, 1% long term liabilities and 26% short term liabilities. Non-current assets constitute 98% of the total assets. The Company's business specifics historically were always having a working capital deficit due to the large amount of liabilities to finance investments; however, this has not prevented the Company from meeting its obligations in accordance with their terms.

Despite the unstable geopolitical situation in 2022, the Group managed to slightly improve its consolidated performance indicators. Net revenue increased by 3% and total revenue by 8%, as well as it was possible to reduce the losses by almost one million euros. Construction markets increased in all countries where Storent operates. Although rental market still faces strong price competition and rental equipment overcapacity, rental prices started to rise slowly mainly due to the high inflation level.

Storent Group consolidated, thousands of euros	2022	2021	Difference %
Net revenue	**43 578**	**42 267**	**3.1%**
Total revenue	**47 196**	**43 552**	**8.4%**
EBITDA	**5 170**	**5 405**	**-4.4%**
EBITDA %	11%	12%	
Net result	**-2 480**	**-3 426**	**-27.6%**
Net result %	-5%	-8%	

On December 28, 2022, changes were made in the composition of the Company's shareholders, and Storent Holdings SIA became its sole shareholder. Consequently, Storent Investments and its subsidiary companies become part of the newly established holding, which, in, addition to the Storent group, also includes SEL Investments SIA group, which holds investments in construction equipment rental companies SELECTIA SIA and SELECTIA PLUSs SIA (hereinafter – Storent Holdings group). The structure of the newly created group is as follows:



Storent Investments AS and its subsidiaries in addition to a modern rental fleet and a large rental depo network have a wide customer base with a very well-developed trademark, experienced team and digital know-how. SEL Investments SIA and its two subsidiaries own around 50% of the construction equipment fleet that Storent group operates. The merger of both groups will allow to increase expertise and improve financial ratios to continue the development of the Storent Holdings group with a significantly higher speed and profitability. Consolidated unaudited income statement of the newly established Storent Holdings group would show EUR 2.6 million net profit from operating activities in 2022 assuming if the Storent Holdings group had been established as of 1 January 2022. By increasing net revenues of Storent Holdings group by on average 10% in 2023, the management plans to reach up to EUR 5 million net profit in 2023.

Baltic region rental operations increased by 3.5% with two digits number increase rate in Latvia, smaller increase in Estonia and minor decrease in Lithuania. The Baltic region accounts for approximately 70% of the Group's net revenue. In 2022, the growth of construction market in Estonia was almost 17%. The market growth is expected to be modest in 2023, while various construction projects will continue during the year, such as Rail Baltica and its adjacent infrastructure. In 2022, the Latvian construction market increased by 7%. In 2023, several large and medium-scale projects are planned, some of which will be implemented within the framework of EU programs, and also Rail Baltica project has significant impact on construction market activity. In 2022, the Lithuanian construction market continued to grow, reaching 24% increase. There was an increase in all segments of construction. In 2023, the Rail Baltica project will continue, which will provide additional demand for rental equipment throughout the Baltics, and gives the management additional confidence for 2023.

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 a smaller share of the market. It's expected that the lack of construction workforce and higher personal costs will increase prices and demand of rental construction equipment as construction companies will look for ways how to replace manual work with increased use of tools and equipment.

Nordic operations increased by 2% in 2022 compared to 2021 with a similar growth rate in both countries. Construction markets showed also a small increase, that allowed also to increase rental prices. In spring 2022, the Finnish entity sold its transportation department and now is using it as an outsourced service. That allows to focus on rental operations' profitability. Swedish operations were stable and more customers started to come from outside Stockholm area. Forecast for 2023 for construction market in Nordic countries is with a small decrease, Storent market share is very small in these countries so it should not affect sales results.

Operations of the subsidiary Storent OOO in **Kaliningrad** have seen a significant revenue increase, reaching 48% increase compared to 2021. At the end of 2022, the Company decided to sell the subsidiary in Russia (Kaliningrad) and, currently, is in the process of legal formalities. The Company monitors and follows sanction restrictions, and so far, they don't affect the subsidiary's activities.

In 2022, the Group continued cooperation with split-rent and re-rent platform 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. In early 2022, Storent entities in the Baltics joined online logistics platform Cargopoint that allows to organize transportation in a more efficient manner and gives opportunity to serve a wider range of customers with a more competitive price. Storent Group continued to develop and invest in IT technologies. In December 2022, implementation of the new IT system was started, and it is expected that IRMS (Intelligent Rental Management System) will be implemented in all Storent group companies by the end of 2023. It will allow to improve efficiency and ensure convenient and up-to-date rental process. 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 2022, the Company continued to develop online rental service. Online ordering is a stable sales channel and it makes up to 50% of the total income of Storent in the Baltic states for the year 2022. Historically, the highest numbers have been reached for digital authorisations and electronically signed documents of 90% of all rental deliveries.

Storent Group's consolidated balance sheet has a stable structure consisting of 26% shareholder's equity, 27% long term liabilities and 47% short term liabilities. Non-current assets constitute 80% of the total assets. The Group's business peculiarity historically was always having a working capital deficit due to the 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.

Thousands euro	2022	2021	
Shareholder's equity	**9 634**	**12 114**	
Total assets	**36 769**	**45 501**	
Shareholder's equity to Assets	**26.2%**	**26.6%**	

Half a million euros of the Group's total bank account balance at the end of the reporting period is sufficient to ensure the Group's operational activities. The Group concluded the financial year 2022 with a loss of 2.5 million euros, which was the result of changes in the fleet structure. The Group management worked on efficiency increase by reducing headcount during 2022 by 18 people, as well as realized savings on other expenses positions during the financial year.

<u>The future development of the Group</u>

The Group management plans further development of subsidiaries in five countries as a part of Storent Holdings group.

In 2023, Storent group will continue to focus on an improvement of sales process efficiency, additions to and renewal of rental fleet, as well as develop online sales and digitalization. The management of the Group expects that the rental revenues will increase by 10%, which will be facilitated by new investments in rental equipment, increase of rental prices and online sales. In the summer of 2023, it is planned to introduce a new website that will be more convenient for the end user. The goal of Storent group is to keep the volume of online orders close to 60% of the total rental income and 90% of digitally signed transactions. The Group will continue to transform its IT strategy to comply with the scalability needs, and it is planned to complete the implementation of the new cloud-based ERP system by the end of 2023.

Please see Note 28 for the management consideration of the Company's ability to continue as a going concern.

Financial risk management

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

Conditions and events after the end of the reporting year

In April 2023, Storent Holdings SIA, the sole shareholder of Storent Investments AS, announced a new bond issue of up to EUR 15 million, which will, for the first time, be open to both retail and institutional investors. The Group will use the proceeds for new investments, further mergers and acquisition and to refinance its liabilities.

After the year end, the Storent Holdings group has started the legal reorganization process, which was approved in the end of 2022, in order to complete the merger of SEL Investments SIA with Storent Investments AS and Selectia SIA, Selectia Plus with Storent SIA by the end of 2023, which will save administrative costs, excluding mutual transactions and the costs associated with their accounting and simplifying internal processes in the subsidiary entities. Since January 2023, all equipment owned by Selectia SIA and Selectia Plus SIA is leased to subsidiary companies of Storent Investments AS without the intermediary of the PreferRent platform, which creates savings for the group entities.

Until the end of April 2023, Selectia SIA and Selectia plus SIA have granted subordinated loans to subsidiaries of Storent Investments AS in the amount of 2.9 million euros to ensure Group liquidity.

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

The management report was signed on 10 May 2023 on the Company's behalf by:

Andris Pavlovs
Member of the Board

The annual report was approved at the general shareholders' meeting on 10 May 2023

Statement of management's responsibility

The management of Storent Investments AS confirms that the separate financial statements have been prepared in accordance with the applicable legislation requirements and present a true and fair view of the AS Storent Investments financial position as at 31 December 2022 and as at 31 December 2021 and its financial performance and cash flows for the years then ended. The management report contains a clear summary of AS Storent Investments and its subsidiaries business development and financial performance. The separate financial statements have been prepared according to the International Financial Reporting Standards as adopted by the European Union. During the preparation of the AS Storent Investments separate financial statements the management:

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

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

This statement of management's responsibility was signed on 10 May 2023 on the Company's behalf by:

Andris Pavlovs
Member of the Board

Separate statement of comprehensive income

	Note	2022 EUR	2021 EUR
Net revenue	3	5 026 233	4 866 944
Personnel costs	8	(1 577 648)	(1 454 981)
Other operating expenses	4	(1 690 712)	(1 525 759)
Depreciation and amortization	5	(913 282)	(964 461)
Interest and similar income	6	110 989	2 108 158
Interest payments and similar expenses	7	(886 655)	(885 742)
Impairment losses	11,20b	(507 372)	(2 690)
Profit (loss) before income tax		**(438 447)**	**2 141 469**
Corporate income tax		-	-
Profit (loss) after calculation of the corporate income tax		**(438 447)**	**2 141 469**
Total comprehensive profit (loss) of the reporting year		**(438 447)**	**2 141 469**

The notes on pages 13 to 42 are an integral part of these financial statements.

These separate financial statements were signed on 10 May 2023 on the Company's behalf by:

Andris Pavlovs
Member of the Board

Marina Grigore
Chief Accountant

Separate statement of financial position

ASSETS	Note	2022	2021
NON-CURRENT ASSETS		**EUR**	**EUR**
Intangible assets			
Development of intangible assets		-	985 288
Licenses and similar rights		57 690	20 798
Other intangible investments		2 016 116	1 023 726
TOTAL	9	**2 073 806**	**2 029 812**
Property, plant and equipment			
Other fixed assets		42 662	55 654
TOTAL	9	**42 662**	**55 654**
Rights of use assets			
Licenses and similar rights		-	23 806
Other fixed assets		10 402	13 189
TOTAL	10	**10 402**	**36 995**
Other non-current assets			
Investments in subsidiaries	11	42 724 898	40 289 275
Loans to related parties	20b	1 130 000	1 393 651
TOTAL		**43 854 898**	**41 682 926**
TOTAL NON-CURRENT ASSETS		**45 981 768**	**43 805 387**
CURRENT ASSETS			
Assets held for sale		100 000	-
Trade and other receivables			
Trade receivables		1 250	4 390
Trade receivables from related parties	20a	791 705	1 033 971
Other receivables	12	7 702	7 774
Deferred expenses	13	116 862	26 384
TOTAL		**917 519**	**1 072 519**
Cash and cash equivalents	14	11 013	53 588
TOTAL CURRENT ASSETS		**1 028 532**	**1 126 107**
TOTAL ASSETS		**47 010 300**	**44 931 494**

The notes on pages 13 to 42 are an integral part of these financial statements.

These separate financial statements were signed on 10 May 2023 on the Company's behalf by:

Andris Pavlovs
Member of the Board

Marina Grigore
Chief Accountant

Separate statement of financial position

EQUITY AND LIABILITIES	Note	2022	2021
EQUITY		EUR	EUR
Share capital	15	33 316 278	33 316 278
Accumulated profit/(losses):			
Previous reporting periods retained earnings / (uncovered losses)		843 522	(1 297 947)
Profit (loss) of the reporting year		(438 447)	2 141 469
TOTAL EQUITY		**33 721 353**	**34 159 800**
LIABILITIES			
Non-current liabilities			
Lease liabilities	23	-	40 947
Other borrowings	21	700 919	1 504 527
TOTAL		**700 919**	**1 545 474**
Current liabilities			
Lease liabilities	23	12 396	8 283
Issued bonds	22	4 898 735	4 838 565
Borrowings from related parties	20c	5 879 000	1 935 000
Other borrowings	21	872 568	1 766 203
Trade payables		557 928	437 982
Taxes and mandatory state social insurance contribution	19	47 008	22 985
Other provisions	16	92 983	70 683
Other liabilities	17	41 360	45 321
Accrued liabilities	18	186 050	101 198
TOTAL		**12 588 028**	**9 226 220**
TOTAL LIABILITIES		**13 288 947**	**10 771 694**
TOTAL EQUITY AND LIABILITIES		**47 010 300**	**44 931 494**

The notes on pages 13 to 42 are an integral part of these financial statements.

These separate financial statements were signed on 10 May 2023 on the Company's behalf by:

Andris Pavlovs
Member of the Board

Marina Grigore
Chief Accountant

Separate statement of cash flows

	Note	2022	2021
Cash flows from operating activities		**EUR**	**EUR**
Profit / (loss) before Income tax of the reporting period		(438 447)	2 141 469
Adjustments:			
Amortisation of intangible assets	5	844 818	881 790
Depreciation of fixed assets	5	68 464	82 671
Loss from fixed assets disposals		31 938	43 303
Income from investments in related parties	6	-	(2 011 114)
Interest payments and similar expenses	7	881 591	882 294
Interest and similar income	6	(110 971)	(88 139)
Impairment adjustments of long-term financial investments	11	582 937	-
Cash flows from operating activities before changes in working capital		***1 860 330***	***1 932 274***
Decrease / (increase) in receivables		208 281	1 609 041
Inventory Decrease / (increase)		(100 000)	-
(Decrease)/ increase in payables		247 159	(346 508)
Gross cash flows from operations		***2 215 770***	***3 194 807***
Interest expenses		(773 563)	(737 577)
Net cash flows from operating activities		**1 442 207**	**2 457 230**
Cash flows from investing activities			
Acquisition of intangible investments and fixed assets	9,10	(949 625)	(1 052 182)
Received dividends		-	2 011 114
Acquisition of shares of subsidiaries	11	(3 018 560)	(2 900 000)
Loan repayment		1 564 975	2 714 673
Loans issued		(1 199 411)	(409 190)
Net cash flows from investing activities		**(3 602 621)**	**364 415**
Cash flows from financing activities			
Loans received		6 959 000	1 935 000
Repayment of borrowings and bonds		(4 804 326)	(6 555 396)
Lease payments		(36 835)	(84 668)
Net cash flows from financing activities		**2 117 839**	**(4 705 064)**
Net (Decrease) / increase in cash		(42 575)	(1 883 419)
Cash at the beginning of the reporting year		53 588	1 937 007
Cash at the end of the reporting year	14	**11 013**	**53 588**

The notes on pages 13 to 42 are an integral part of these financial statements.

These separate financial statements were signed on 10 May 2023 on the Company's behalf by:

Andris Pavlovs
Member of the Board

Marina Grigore
Chief Accountant

Separate statement of changes in equity

	Share capital	Previous years retained earnings/ (uncovered losses)	Profit/(loss) of the reporting year	Total
	EUR	EUR	EUR	EUR
31 December 2019	**33 316 278**	**2 529 441**	**(3 827 388)**	**32 018 331**
Carrying over of loss of the previous year	-	(3 827 388)	3 827 388	-
Profit for the reporting year	-	-	2 141 469	2 141 469
31 December 2020	**33 316 278**	**(1 297 947)**	**2 141 469**	**34 159 800**
Carrying over of profit of the previous year	-	2 141 469	(2 141 469)	-
Loss for the reporting year	-	-	(438 447)	(438 447)
31 December 2021	**33 316 278**	**843 522**	**(438 447)**	**33 721 353**

The notes on pages 13 to 42 are an integral part of these financial statements.

These separate financial statements were signed on 10 May 2023 on the Company's behalf by:

Andris Pavlovs
Member of the Board

Marina Grigore
Chief Accountant

Notes to the separate financial statements

1. General information about the Company

STORENT INVESTMENTS AS (hereinafter – the Company) was registered in the Register of Enterprises of the Republic of Latvia on 7 October 2014. Registered address of the Company is Matrožu iela 15a, Riga. In November 2014 the Company became the Parent company of the Storent Group. Starting from 20 November 2014 and till 28 December 2022 the largest shareholder of the Parent company of the Storent Group was LEVINA INVESTMENTS S.A.R.L (Luxembourg) and ultimate controlling party was Convering Europe Fund III (SCS) SICAR. From 28 December 2022, the sole shareholder and ultimate controlling party of the parent company of the Storent Group is Storent Holdings SIA. Storent Holdings SIA consolidated financial statements are prepared separately.

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

The separate financial statements of the Company for 2022 were approved by the decision of the Board on May 10, 2023. Shareholders have the right to reject the financial statements prepared and issued by the Board and to request that new financial statements are prepared.

2. Summary of significant accounting policies

(a) The framework for the preparation of financial statements

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

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

The financial statements were prepared according to the historical cost basis. The monetary unit used in the financial statements is the official currency of the Republic of Latvia – the Euro. The financial statements cover the period from 1 January 2022 until 31 December 2022. The financial statements have been prepared in accordance with below mentioned measurement and recognition principles. These principles were also used in the previous reporting year, unless stated otherwise. The consolidated financial statements of STORENT INVESTMENTS AS are prepared separately.

(b) Use of estimates and judgements

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

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

The Company's ability to continue as a going concern

The Company's management evaluates the actual and potential impact of geopolitical situation on the economic activities and financial results of the Company and its subsidiaries. Management has prepared the projected financial results and cash flows for 2023 and has already begun to take steps to ensure the Company's and its subsidiaries' ability to continue as a going concern (including the restructuring within Storent Holdings group). For more information, see Note 28.

Recoverable value of investments in subsidiaries

The Company management evaluates the carrying amounts of investments in subsidiaries and assesses whenever indications exist that assets' recoverable amounts are lower than their carrying amounts. The Company management calculates and records an impairment loss on investments in subsidiaries based on the estimates related to the future return on them. Taking into consideration the 5-year business plan for each of the subsidiaries, as adjusted for the restructuring commenced at the end of 2022, the Company's management considers that no significant adjustments to the carrying amounts of investments in subsidiaries are necessary as of 31 December 2022, excluding the subsidiary in Russia, Kaliningrad. Please see Note 11 for more information.

Recoverable value of intangible assets

The Company's management evaluates the carrying amounts of intangible assets and assesses whenever indications exist that the assets' recoverable amounts are lower than their carrying amounts. The Company's management calculates and records an impairment loss on intangible assets based on the estimates related to the expected future use, alienation or sale of the assets. Taking into consideration the Company's planned level of activities, the Company's management considers that no significant adjustments to the carrying amounts of intangible assets fixed assets are necessary as of 31 December 2022. See Notes 9 and 10 for more information.

2. Summary of significant accounting policies (cont.)

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

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

The Company's management assesses the carrying amount of receivables and their recoverability, establishing provisions for doubtful and bad debts, if necessary. The entity applies a simplified approach to trade receivables and recognizes life losses on receivables based on a historical analysis of credit losses and also taking into account expected future developments. Expected creditors' losses from receivables are calculated based on assumptions about default risk and expected loss level. In making these assumptions and selecting data for the calculation of impairment, the Company takes into account its experience, current market conditions, as well as future estimates at the end of each reporting period. Expected credit losses on receivables and loans to related parties are assessed by determining and applying by the management the probability of default of each receivable and the expected loss in the event of default. The Company's management has assessed receivables and believes that no significant additional provisions are required as at 31 December 2022. See Note 2. (g) and Note 25 for more information.

Useful lives of intangible assets and fixed assets

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

Classification of assets as non-current assets held for sale and related considerations in determining value

The Company presents long-term investments as held for sale in cases when their value will be recovered, in principle, through sale rather than through its use. An asset held for sale is measured at the lower of its previous carrying value and fair value less costs to sell. Costs to sell are additional costs directly related to the transfer of an asset, excluding finance costs and income tax costs. The criteria for an asset to be presented as held for sale are met only if the sale is highly probable and the assets are immediately available for sale in their existing condition. The actions required to complete the sale must indicate that there is a low probability that there will be any material changes to the sale or that this decision will be reversed. Management must be committed to the plan to sell the asset and expect the sale to be completed within one year of reclassifying the asset. Fixed assets are no longer depreciated once they are classified as held for sale. Assets and liabilities classified as held for sale are presented separately as current assets and current liabilities in the statement of financial position. The Company measures non-current assets that are no longer presented as held for sale at the lower of its residual value before the asset was classified as held for sale, adjusted for depreciation or revaluation that would have been recognized if the asset had not been classified as held for sale and its recoverable amount in the decision on the date on which it is decided not to sell the asset.

(c) Foreign currency conversion

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

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

European Central Bank published reference exchange rates:

	31.12.2022 EUR	31.12.2021 EUR
1 USD	0.93755	0.88292
1 GBP	1.12748	1.19007
1 NOK	0.09511	0.10011
1 SEK	0.08991	0.09755
1 RUB*	0.00853*	0.01172

*ECB rate RUB on 01.03.2022

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

(d) Intangible assets

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

2. Summary of significant accounting policies (cont.)

(d) Intangible assets (cont.)

Development of intangible assets

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

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

A project initiated by the Company met all the above criteria. The item “Development of intangible assets” included only those costs that the Company can reliably estimate. The development of intangible assets was started in 2020 and was completed at the end of 2022. This intangible asset is recognized as a corporate asset because it cannot generate independent cash flows but will be used in the operations of all Group companies. At the end of 2021 and 2022, this item was not assessed separately and was included in the impairment test of total assets, allocating this item by CGU equal to the current IT cost allocation in the Storent group. In December 2022, the roll-out process of the new IT system has started and the development costs were transferred to Other intangible investments. The implementation of the new IT system is planned to be completed by the end of 2023.

(e) Property, plant and equipment

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

Other fixed assets	2 - 5 years.

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

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

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

(f) Investments in subsidiaries

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

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

(g) Impairment of non-financial assets

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

2. Summary of significant accounting policies (cont.)

(g) Impairment of non-financial assets

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

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

(h) Financial assets and financial liabilities

Financial assets

Recognition, classification and subsequent measurement

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

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

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

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

These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in consolidated statement of comprehensive income. Any gain or loss on derecognition is recognised in consolidated statement of comprehensive income.

A financial asset is derecognized if:

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

Impairment of financial assets

- Loans to related parties and trade receivables from related parties

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

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

Taking into account the above, the Company's management believes that as at 31 December 2022 and 31 December 2021, additional provisions for possible credit losses from debts of related companies and loans to related companies are not required.

- Trade receivables and Other receivables

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

2. Summary of significant accounting policies (cont.)

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

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

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

Financial liabilities

Recognition, classification and subsequent measurement

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

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

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

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

A financial liability is derecognized, if the obligation specified in the contract is discharged or cancelled or expired. On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in comprehensive income.

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

Change in the terms of a financial liability

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

Financial guarantees

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

Offsetting

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

(i) Cash and cash equivalents

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

(j) Provisions

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

(k) Accrued liabilities for unused vacations

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

2. Summary of significant accounting policies (cont.)

(l) Contingent liabilities and assets

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

(m) Leases

The Company as lessee

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

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

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

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

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

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

The Company remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

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

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

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

(n) Revenue recognition

The Company has applied and recognises income, using a 5-step model. The model consists of:

- Determination of contractual relations;
- Determination of contract performance obligation;
- Determination of transaction price;
- Attribution of transaction price to the performance obligation;
- Recognition of income, when the Company has fulfilled the performance obligation.

The following criteria are used for determination of contractual relations:

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

2. Summary of significant accounting policies (cont.)

(n) Revenue recognition (cont.)

Management and consulting services

Fees for the provision of management and consultancy services are treated as variable remuneration because their amount is determined on the basis of the actual costs of the services provided. Revenue from variable remuneration is recognized by the Company only when it is probable that the uncertainty surrounding the variable remuneration will be resolved and the amount of cumulative revenue recognized will not be significantly reduced.

Management and consulting fees are calculated and recognized and invoiced on a monthly basis when the actual costs are recorded and the uncertainty surrounding the variable remuneration is resolved. The Company is not required to make significant judgments in determining the transaction price or the fulfillment of these performance obligations.

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

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

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

(o) Corporate income tax and deferred corporate income tax

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

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

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

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

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

(p) Transactions with related parties

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

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

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

2. Summary of significant accounting policies (cont.)

(q) Post balance sheet events

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

(r) International Financial Reporting Standards changes

New standards and amendments to standards, including any consequential amendments to other standards, effective for annual periods beginning on or after 1 January 2022, have not had a material impact on these separate financial statements.

(s) Standards and amendments to existing standards issued by IASB but that are not yet effective

A number of new standards are effective for annual periods beginning after 1 January 2022 and earlier application is permitted; however, the Company has not early adopted the new or amended standards in preparing these separate financial statements.

The following standards and interpretations effective for annual periods beginning after 1 January 2022 are not expected to have a material impact on the Company's separate financial statements:

- IFRS 17 Insurance Contracts and amendments to IFRS 17 Insurance Contracts.
- Classification of Liabilities as Current or Non-current (Amendments to IAS 1).
- Definition of Accounting Estimate (Amendments to IAS 8)
- Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2).
- Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction – Amendments to IAS 12 Income Taxes.

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 2022 (effective dates refer to IFRSs, issued by the IASB).

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

3. Net revenue

By type of services	2022 EUR	2021 EUR
Management and consultancy services to related parties	5 021 845	4 861 227
Rental revenue from related parties	4 388	5 717
TOTAL:	**5 026 233**	**4 866 944**

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

	2022 EUR	2021 EUR
Trade receivables	1 250	4 390
Trade receivables from related parties	791 705	1 033 971
TOTAL:	**792 955**	**1 038 361**

By geographical area	2022 EUR	2021 EUR
Latvia	1 778 660	1 725 469
Finland	1 156 558	1 140 995
Lithuania	1 137 890	1 082 846
Estonia	662 373	624 491
Sweden	235 716	254 004
Russia*	55 036	39 139
TOTAL:	**5 026 233**	**4 866 944**

* Investment in Storent OOO as at December 31, 2022 presented as part of the item Assets held for sale

4. Other operating expenses

	2022 EUR	2021 EUR
IT expenses	812 010	945 247
Legal services	172 265	68 275
Insurance costs	170 737	134 622
Administration transport costs	118 757	103 872
Consultancy services*	102 027	78 936
Marketing expenses	56 239	36 770
Short-term leases of offices and areas and maintenance costs	54 218	49 019
Services of statutory auditors*	93 697	47 882
Other administration expenses	110 762	61 136
TOTAL:	**1 690 712**	**1 525 759**

4. Other operating expenses (cont.)

* including payments for audit and non-audit services to the company of independent auditors KPMG Baltics SIA:

	2022 EUR	2021 EUR
Financial statement auditing services	52 197	47 882
Other assurance services	41 500	-
Permitted tax services	89	79
TOTAL:	**93 786**	**47 961**

5. Depreciation and amortization

	2022 EUR	2021 EUR
Amortization of intangible assets (see Note 9)	844 818	881 790
Depreciation of fixed assets (see Note 9)	32 400	31 556
Amortization of rights of use assets (see Note 10)	36 064	51 115
TOTAL:	**913 282**	**964 461**

6. Interest and similar income

	2022 EUR	2021 EUR
Income from dividends*	-	2 011 114
Interest income from related parties	110 971	83 736
Proceeds from additional discounts	-	8 884
Repurchased bonds (price difference) (see Note 22)	-	4 403
Income from foreign exchange fluctuations	18	21
TOTAL:	**110 989**	**2 108 158**

*In 2021, the Company has received dividends income of EUR 1 935 452 from subsidiary Storent SIA and EUR 75 662 from subsidiary Storent OOO. In 2022, the Company did not receive income from dividends.

7. Interest payments and similar expenses

	2022 EUR	2021 EUR
Interest on borrowings	470 809	630 530
Interest on loans received from related parties	293 505	53 177
Interest on raised funding	117 277	198 587
Loss from foreign exchange fluctuations	5 064	3 448
TOTAL:	**886 655**	**885 742**

8. Personnel costs and number of employees

		2022 EUR	2021 EUR
Salaries		982 910	903 347
Remuneration to contractors		336 582	394 796
National social security mandatory contributions		232 984	213 365
Provisions for bonuses (change)		22 300	7 819
Other personnel costs		2 872	(64 346)
	TOTAL:	**1 577 648**	**1 454 981**

Personnel costs by function:		2022 EUR	2021 EUR
Administration and finance staff		1 577 648	1 454 981
	TOTAL:	**1 577 648**	**1 454 981**

Incl. executive management remuneration:		2022 EUR	2021 EUR
Members of the Board			
Salaries		470 329	452 849
National social security mandatory contributions		110 977	106 835
	TOTAL:	**581 306**	**559 684**

		2022	2021
Average number of employees during the reporting year		10	10
	TOTAL:	**10**	**10**

9. Intangible assets and property, plant and equipment

	Development of intangible assets	Licenses and similar rights	Other intangible assets	Other fixed assets and inventory	TOTAL
31 December 2020	**EUR**	**EUR**	**EUR**	**EUR**	**EUR**
Historical cost	418 813	319 749	3 841 642	263 049	4 843 253
Accumulated amortisation and depreciation	-	(267 609)	(2 425 468)	(198 996)	(2 892 073)
Net carrying value	**418 813**	**52 140**	**1 416 174**	**64 053**	**1 951 180**
2021					
Net carrying value, opening	418 813	52 140	1 416 174	64 053	1 951 180
Additions	566 475	938	457 062	27 707	1 052 182
Disposals, net	-	(7 641)	(40 703)	(19 221)	(67 565)
Excluded depreciation	-	7 641	40 703	14 671	63 015
Accumulated amortisation and depreciation	-	(32 280)	(849 510)	(31 556)	(913 346)
Net carrying value	**985 288**	**20 798**	**1 023 726**	**55 654**	**2 085 466**
31 December 2021					
Historical cost	985 288	313 046	4 258 001	271 535	5 827 870
Accumulated amortisation and depreciation	-	(292 248)	(3 234 275)	(215 881)	(3 742 404)
Net carrying value	**985 288**	**20 798**	**1 023 726**	**55 654**	**2 085 466**
2022					
Net carrying value, opening	985 288	20 798	1 023 726	55 654	2 085 466
Additions	656 321	55 404	177 087	40 343	929 155
Disposals, net	-	-	-	(47 870)	(47 870)
Transferred from other position	(1 641 609)	-	1 641 609	-	-
Excluded depreciation	-	-	-	26 935	26 935
Accumulated amortisation and depreciation	-	(18 512)	(826 306)	(32 400)	(877 218)
Net carrying value	**-**	**57 690**	**2 016 116**	**42 662**	**2 116 468**
31 December 2022					
Historical cost	-	368 450	6 076 697	264 008	6 709 155
Accumulated amortisation and depreciation	-	(310 760)	(4 060 581)	(221 346)	(4 592 687)
Net carrying value	**-**	**57 690**	**2 016 116**	**42 662**	**2 116 468**

Fully amortized intangible assets and depreciated fixed assets

On 31 December 2022 intangible assets and fixed assets of the Company included assets with acquisition value of EUR 3 980 566 (31.12.2021.: EUR 2 844 174), which were completely written down into amortization and depreciation costs and are still actively used in economic activity. Most of these intangible and fixed assets consist of computer programs, which continue to be used, and for which annual maintenance and improvement fees are paid.

Development of intangible assets

In 2020, the Company 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 impact, and will provide effective accounting of rental processes, control procedures of the Company and its subsidiaries and operational information for the Company's management to make decisions. The item "Development of intangible assets" included only those costs that the Company could reliably estimate and that met IFRS capitalization criteria. In 2022 and 2021, there are only external intangible development costs capitalized. In December 2022, the development process of the new ERP system was completed and the implementation process and its use in the Company’s and its subsidiaries’ everyday operations began; as a result the development costs were transferred to the item “Other intangible investments”. The roll-out of the new ERP system is planned to be completed by the end of 2023. Please refer to Note 11 for the discussion of the impairment assessment of the intangible assets.

10. Rights of use assets

	Licenses and similar rights	Other fixed assets and inventory	TOTAL
	EUR	EUR	EUR
2021			
Net carrying value, opening	49 774	77 089	126 863
Disposals, net	-	(81 844)	(81 844)
Excluded depreciation	-	43 091	43 091
Accumulated amortization and depreciation	(25 968)	(25 147)	(51 115)
Net carrying value	**23 806**	**13 189**	**36 995**
31 December 2021			
Historical cost	77 908	86 893	164 801
Accumulated amortization and depreciation	(54 102)	(73 704)	(127 806)
Net carrying value	**23 806**	**13 189**	**36 995**
2022			
Net carrying value, opening	23 806	13 189	36 995
Additions	-	20 470	20 470
Disposals, net	(23 806)	(74 552)	(74 552)
Excluded depreciation	23 806	63 553	63 553
Accumulated amortization and depreciation	(23 806)	(12 258)	(36 064)
Net carrying value	**-**	**10 402**	**10 402**
31 December 2022			
Historical cost	-	32 811	110 719
Accumulated amortization and depreciation	-	(22 409)	(100 317)
Net carrying value	**-**	**10 402**	**10 402**

The Company has entered into a Microsoft license lease and several car lease agreements as a lessee in accordance with IFRS 16. The average car lease term is 3.5 years. The license lease term is 3 years, which ended in 2022. The maturity analyses of lease liabilities is presented in Note 23.

Amounts recognized in profit and loss:	Note	2022 EUR	2021 EUR
Amortization expense on right of use assets	10	(36 064)	(51 115)
Interest expenses on lease liabilities		(807)	(9 846)
Short term and low value lease expenses		(92 616)	(81 310)
	TOTAL:	**(129 487)**	**(142 271)**

11. Investments in subsidiaries

The Company had the following investments in its subsidiaries as at 31 December 2022:

Company	Address	%	31.12.2022 EUR	31.12.2020 EUR
STORENT SIA	Zolitūdes iela 89, Rīga, LV-1046, Latvia	100	10 921 613	10 921 613
STORENT UAB	Savanorių pr. 180B, Vilnius, LT-03154, Vilniaus m., Lithuania	100	11 842 694	11 842 694
STORENT OU	Betooni 15/Paneeli 5, Tallina, 11415, Estonia	100	15 233 177	13 683 177
STORENT OU	Impairment losses	100	(3 722 619)	(3 722 619)
STORENT Holding Finland OY	Virkatie 16, Vantaa, FI-01510, Finland	100	4 872 500	3 652 500
STORENT AS**	PB 1441, Vika, N-0116, Oslo, Norway	100	3 700	3 700
STORENT AS	Impairment losses	100	(3 700)	(3 700)
STORENT AB	Arrendevagen 50, 163 44, Spanga, stokholma, Sweden	100	3 577 533	3 328 973
STORENT OOO*	4 Bolshaja Okruznaja ulica 33, 236009, Kaliningrad, Russian Federation	100	-	582 937
		TOTAL:	**42 724 898**	**40 289 275**

Summary about STORENT Holding Finland OY subsidiary

Company	Address	%	31.12.2022 EUR	31.12.2021 EUR
STORENT OY	Virkatie 16, Vantaa, FI-01510, Finland	100	4 878 409	3 658 409

* STORENT OOO. Considering the geopolitical situation, the Company has limited opportunities to manage and develop its subsidiary in Russia. In addition, there is no possibility to make settlements with the subsidiary company, therefore in December 2022 the management of the Company has made a decision to sell the subsidiary company. Accordingly, as at 31 December 2022, this investment in the subsidiary is presented as an asset held for sale. The implementation of the sales plan has been started, and its completion is expected by the end of 2023. Before the reclassification of the investment in the subsidiary, its carrying value was compared with the estimated fair value less costs to sell, which, according to the Company's management best estimate, is EUR 100 000, taking into account non-binding indications of the possible sales price. Therefore, the item "Impairment losses" includes a loss of EUR 482 937 from the impairment of investment in subsidiary on remeasurement of the asset held for sale.

** STORENT AS. In 2022, the liquidation process of STORENT AS was started. The subsidiary did not have material activities.

Movement of investments in subsidiaries	2022 EUR	2021 EUR
At the beginning of the year	**40 289 275**	**37 389 275**
Investment in Storent OU	1 550 000	-
Investment in Storent UAB	-	1 900 000
Investment in Storent AB	248 560	-
Investment in Storent Holding Finland Oy	1 220 000	1 000 000
Impairment loss on remeasurement of assets held for sale (Storent OOO)	(482 937)	-
Transferred to Assets held for sale, net	(100 000)	-
TOTAL:	**42 724 898**	**40 289 275**

Investments made in subsidiaries Storent OU, Storent AB and Storent Holding Finland Oy in 2022 for the total amount of EUR 3 018 560 were effected in cash by transferring the respective amounts to the bank accounts of the subsidiaries.

Movement of impairment	31.12.2022 EUR	31.12.2021 EUR
Impairment of investments in subsidiaries		
At the beginning of the year	**(3 726 319)**	**(3 726 319)**
Impairment loss on remeasurement of assets held for sale (Storent OOO)	(482 937)	-
Transferred to Assets held for sale, net	482 937	-
Total impairment of investments in subsidiaries:	**(3 726 319)**	**(3 726 319)**

11. Investments in subsidiaries (cont.)

Distribution of impairment by position		31.12.2022 EUR	31.12.2021 EUR
Investment in Storent OU	11	(3 722 619)	(3 722 619)
Investment in Storent AS	11	(3 700)	(3 700)
Total accumulated impairment losses for investments in subsidiaries:		**(3 726 319)**	**(3 726 319)**

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

* Investment in Storent OOO was presented on December 31, 2022 as part of the item Assets held for sale.

	Audited		Profit(loss) of the reporting year		Equity	
Name	2022	2021	2022 EUR	2021 EUR	31.12.2022 EUR	31.12.2021 EUR
STORENT SIA	Yes	Yes	1 713 158	1 319 382	17 182 538	15 469 380
STORENT UAB	Yes	Yes	(904 452)	(184 727)	(2 352 964)	(1 448 512)
STORENT OU	Yes	Yes	(1 592 333)	(1 675 012)	(7 137 912)	(5 545 579)
STORENT Holding Finland OY	Yes	Yes	(431 243)	(876 222)	(1 225 502)	(794 259)
STORENT AS	No	No	52 398	(2 885)	(2 549)	(54 947)
STORENT AB	Yes	Yes	(279 590)	(464 899)	(874 918)	(595 328)
STORENT OOO*	No	No	221 728	181 286	869 304	647 576
STORENT Holding Finland OY subsidiary:						
STORENT OY	Yes	Yes	(880 007)	(1 825 155)	(2 579 938)	(1 699 930)

* Investment in Storent OOO was presented on December 31, 2022 as part of the item Assets held for sale.

As the Company was loss-making during 2022, impairment indicators have been noted and the Company management has evaluated the recoverable amount of each investment. It has been evaluated whether ownership interest in subsidiaries has been impaired. When performing an impairment test for ownership interest in subsidiaries, the recoverable amount – value in use – is determined by discounting future cash flows of each subsidiary. The calculation is based on the following assumption: each subsidiary is considered to be a separate cash-generating unit (CGU). This test is performed also to assess the recoverability of corporate assets - intangible assets, which are allocated to the subsidiaries as discussed in Note 2. Cash flows sourced from 5-year business plan are estimated based on actual results to date, but also take into account the effects of the restructuring within Storent Holdings group (which controls the Company and its subsidiaries) that commenced at the end of 2022 and is expected to lead to operating cost optimization for the Company and its subsidiaries as a result of mergers with sister entities that act as a major supplier to the Company and its subsidiaries as at 31 December 2022 along with other resulting savings (e.g. since January 2023, all equipment owned by Selectia SIA and Selectia Plus SIA is leased to the subsidiary companies of Storent Investments AS without the intermediary of the PreferRent platform, which creates savings for the group entities (CGUs)). Please see Note 28 and 29 for further discussion on the future plans and restructuring process,. The Storent Holdings group 5-year business plan uses the following assumptions: the group's total amortisation and depreciation costs, IT costs, management fee, insurance costs and interest expenses are allocated in the budget of each subsidiary according to fleet proportion in the subsidiary. By using the same fleet proportion all the group's liabilities for equipment purchase are allocated in impairment calculation. Cash flows beyond that five-year period have been extrapolated using a steady 2 per cent (2021: 3 per cent) per annum growth rate. A post-tax discount rate of 9.43% (10.24% in 2021) was applied to determine the recoverable present value of assets. Discount rate forecasts are based on the actual cost of capital of group companies.

11.Investments in subsidiaries (cont.)

The recoverable amount of long-term investments largely depends on the assumptions used in the assessment relating to the newly established Storent Holdings group's net turnover growth, EBITDA margin (as a result of internal cost optimization and internal transfer pricing adjustments) and timing and magnitude of EBITDA growth, discount rate used,, as well as the ability of Company's management to implement these assumptions and the development of the Baltic and Nordic construction equipment rental market in general. Any unfavorable changes in these assumptions that may be caused by volatility of the market, in which the Company or its subsidiaries operate, may have a negative influence of the carrying amount of the Company's investments in subsidiaries reflected in the balance sheet as at 31 December 2022.

31.12.2022	Latvia	Lithuania	Estonia	Finland	Sweden
EBITDA margin	32%-35% in years 2023-2027, 32% in terminal year (2022 actual: 37%)	32%-34% in years 2023-2027, 32% in terminal year (2022 actual: 32%)	25%-30% in years 2023-2027, 32% in terminal year (2022 actual: -15%)	28%-30% in years 2023-2027, 29% in terminal year (2022 actual: -30%)	19%-25% in years 2023-2027, 25% in terminal year (2022 actual: -17%)
EBITDA the growth rate	2%	2%	2%	2%	2%
Cash flow calculation periods	5 years + terminal year	5 years + terminal year	5 years + terminal year	5 years + terminal year	5 years + terminal year
Discount rate*	9,43%	9,43%	9,43%	9,43%	9,43%
Terminal growth rate	0,61%	0,61%	0,61%	0,61%	0,61%

* Discount rate forecasts are based on the actual cost of capital of group companies.

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

11. Investments in subsidiaries (cont.)

Sensitivity analysis

The Company has conducted an analysis of the sensitivity of the impairment test to changes in the key assumptions used to determine the recoverable amount for each of the CGUs. Analysis of the sensitivity is based on same assumptions as impairment test and as described above. Management estimated that all Baltic countries will reach a similar EBITDA margin level by increasing sales and significantly improving efficiency as outlined above, especially in Estonia.

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

	Weighted average cost of capital 9,43% (10,24% in 2021)				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 8,43%	Weighted average cost of capital 10,43%	Weighted average cost of capital 9,24%	Weighted average cost of capital 11,24%
m EUR	**2022**	**2022**	**2021**	**2021**	**2022**	**2022**	**2021**	**2021**
Storent SIA	19,5	14,73	22,26	18,10	24,24	15,85	27,86	18,18
Storent UAB	18,42	15,34	10,45	7,82	21,6	15,96	14,07	7,82
Storent OU	1,33	-0,64	1,09	-0,38	3,84	-0,52	2,87	-0,25
Storent AB	0,98	0,12	-0,14	-0,60	2,1	0,17	0,29	-0,47
Storent Oy	3,97	1,19	2,28	0,03	6,92	1,81	4,56	0,55
Storent OOO	-	-	1,54	1,28	-	-	1,75	1,38
TOTAL:	**44,20**	**30,74**	**37,48**	**26,25**	**58,70**	**33,27**	**51,40**	**27,21**

Based on the calculations, a decrease in EBITDA or increase in discount rate would lead to the fact that the carrying amount of Estonian CGUs, including the allocated corporate assets, may not reach the expected recoverable amount as of December 31, 2022. The management of the group, in close cooperation with the management of the Estonian CGUs, carefully considers and implements the sales strategy in Estonia in order to prevent non-compliance with the planned EBITDA level.

12. Other receivables

	31.12.2022 EUR	31.12.2021 EUR
Guarantee deposits	7 702	7 774
TOTAL:	**7 702**	**7 774**

13. Deferred expenses

	31.12.2022 EUR	31.12.2021 EUR
Software maintenance	89 623	17 255
Personnel expenses	4 803	3 771
Other deferred expenses	3 354	3 500
Insurance expenses	19 082	1 858
TOTAL:	**116 862**	**26 384**

14. Cash and cash equivalents

	31.12.2022 EUR	31.12.2021 EUR
Cash in bank, EUR	11 013	53 588
TOTAL:	**11 013**	**53 588**

15. Share capital

Registered share capital of the Company on 31.12.2022 and 31.12.2021 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.

On December 28, 2022, changes were made in the composition of Storent Investments AS shareholders, and, as a result of several transactions between its shareholders, Storent Holdings SIA became its sole shareholder. Consequently, Storent Investments and its subsidiary companies became part of the newly established holding.

Shareholders of the Company as at 31 December 2022:

Shareholder	Country		Number of shares	Amount EUR	Participating interest
Storent Holdings SIA	Latvia		33 316 278	33 316 278	100,0%
		TOTAL:	**33 316 278**	**33 316 278**	**100%**

Shareholders of the Company as at 31 December 2021:

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

16. Other provisions

		31.12.2022 EUR	31.12.2021 EUR
Provisions for personnel bonuses		92 983	70 683
	TOTAL:	**92 983**	**70 683**

Changes in provisions can be reflected as follows:

	31.12.2022 EUR	31.12.2021 EUR
At the beginning of the year	**70 683**	**62 864**
Created provisions	92 983	71 297
Used provisions	(70 683)	(63 478)
At the ending of the year	**92 983**	**70 683**

17. Other liabilities

		31.12.2022 EUR	31.12.2021 EUR
Salaries payable		41 360	45 321
	TOTAL:	**41 360**	**45 321**

18. Accrued liabilities

	31.12.2022 EUR	31.12.2021 EUR
Accrued liabilities for unused vacations	79 004	80 663
Accrued liabilities for audit services	14 550	12 600
Accrued liabilities for consultations received	62 104	3 971
Accrued liabilities for equipment insurance	28 607	-
Other accrued liabilities	1 785	3 964
TOTAL:	**186 050**	**101 198**

19. Taxes and mandatory state social insurance contributions

	31.12.2022 EUR	31.12.2021 EUR
National social security mandatory contributions	29 634	10 080
Personal income tax	17 370	12 985
Risk duty	4	3
Value added tax	-	(83)
TOTAL:	**47 008**	**22 985**

20. Transactions with related parties

20.(a) Transactions with related parties:

Related party	Year	Goods and services provided	Interest income	Goods purchased and services received	Payables related parties	Interest expenses	Receivables from related parties
Subsidiaries:		EUR	EUR	EUR	EUR		EUR
STORENT SIA	2021	1 725 469	7 018	(85 243)	-	(22 048)	37 120
	2022	1 778 650	-	(96 416)	-	(264 388)	11 485
STORENT UAB	2021	1 082 847	-	-	-	-	9 914
	2022	1 137 900	-	-	-	(20 997)	289 790
STORENT OU	2021	624 491	2 455	-	-	-	440 506
	2022	662 373	13 777	-	-	-	292 714
STORENT Holding Finland OY	2021	-	35 572	-	-	-	72 750
	2022	-	58 504	-	-	-	1 588
STORENT AB	2021	254 004	-	-	-	-	65 651
	2022	235 716	-	(354)	-	-	14 390
STORENT AS	2021	-	-	-	-	-	9 764
Impairment loses (note 11)	2022	-	2 690	-	-	-	(9 764)
STORENT AS	2021	-	-	-	-	-	-
Impairment loses (note 11)	2022	-	2 690	(2 690)	-	-	-
STORENT OOO	2021	39 139	-	-	-	-	2 056
	2022	55 036	-	-	-	-	21 745
Impairment loses (note 11)	2022	-	-	(21 745)	-	-	(21 745)
STORENT OY	2021	1 140 994	36 000	-	-	-	405 974
	2022	1 156 558	36 000	(35)	-	(8 120)	181 738
TOTAL 2021:		**4 866 944**	**83 735**	**(85 243)**	**-**	**(22 048)**	**1 033 971**
TOTAL 2022:		**5 026 233**	**110 971**	**(121 240)**	**-**	**(293 505)**	**791 705**

In 2022 and 2021, the costs of services received from related parties were not capitalized.

20.(b) Loans to related parties

	Maturity date	Loan amount	Actual interest rate (%)	31.12.2022 EUR	31.12.2021 EUR
OU "STORENT"	31.12.2023.	930 000	6	530 000	-
OY "STORENT Holding Finland"	31.12.2023.	793 651	6	-	793 651
OY "Storent"	*	600 000	6	600 000	600 000
AS "STORENT"	31.12.2023.	44 224	6	-	44 224
Impairment losses AS "STORENT"				-	(44 224)
			Long term liabilities:	**1 130 000**	**1 393 651**
			Short term liabilities:	**-**	**-**

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

Movement of impairment	31.12.2022 EUR	31.12.2021 EUR
Impairment of trade receivables from related parties and loans	**(53 988)**	**(51 298)**
Storent AS, trade receivables from related parties	(2 690)	(2 690)
Storent OOO, trade receivables from related parties	(21 745)	-
Storent AS, disposal	56 678	-
Total impairment of loans and receivables:	**(21 745)**	**(53 988)**

Distribution of impairment by positions	Note	31.12.2022 EUR	31.12.2021 EUR
Storent AS, trade receivables from related parties	20 (a)	-	(9 764)
Storent OOO, trade receivables from related parties	20 (a)	(21 745)	-
Storent AS, loans	20 (b)	-	(44 224)
Total impairment of loans and receivables:		**(21 745)**	**(53 988)**

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

20.(c) Borrowings from related parties

	Maturity date	Loan amount	Actual interest rate (%)	31.12.2022 EUR	31.12.2021 EUR
Storent SIA	15.07-26.12.2022	1 935 000	6	-	1 935 000
Storent SIA	13.01-16.11.2023	4 489 000	6	4 489 000	-
Storent UAB	14.07-13.12.2023	1 390 000	6	1 390 000	-
			Long term liabilities:	**-**	**-**
			Short term liabilities:	**5 879 000**	**1 935 000**

Borrowings from related parties are received without security.

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

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

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

	Loan interest income		Borrowing interest expenses	
	31.12.2022 EUR	31.12.2021 EUR	31.12.2022 EUR	31.12.2021 EUR
Shareholders of the Company	-	-	-	31 129
Subsidiaries of the Company	110 971	83 736	293 505	22 048
KOPĀ:	**110 971**	**83 736**	**293 505**	**53 177**

21. Other borrowings

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

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

	Maturity	Amount	Actual interest rate (%)	31.12.2022 EUR	31.12.2021 EUR
AB Haulotte Group	01.09.2022	1 003 836	3.94	-	151 065
AB Haulotte Group	01.09.2022	1 994 007	3.94	-	318 798
AB Haulotte Group	15.09.2022	1 004 278	4	-	201 525
AB Haulotte Group	01.08.2024	1 607 292	4	706 524	1 110 362
SAS Yanmar construction equipment Europe	15.09.2022	1 075 956	4	-	215 909
SAS Yanmar construction equipment Europe	04.08.2023	643 014	4	282 697	444 204
SA Manitou BF	04.08.2024	1 192 550	4	603 417	905 126
Incremental cost allocation		(1 223 078)	-	(19 151)	(76 259)
			Total:	**1 573 487**	**3 270 730**
			Total Non-current liabilities:	**700 919**	**1 504 527**
			Total Current liabilities:	**872 568**	**1 766 203**

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

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

	2022 EUR	2021 EUR
Balance at the beginning of the year	**3 270 730**	**6 436 419**
Repayment of other borrowings	(1 745 101)	(3 282 837)
Total changes from financing cash flows	**(1 745 101)**	**(3 282 837)**
Incremental cost allocation amortization	57 108	142 928
Proceeds from additional discount	-	(9 671)
Interest expense	65 091	159 092
Interest paid	(74 341)	(175 201)
Total liability-related other changes	**47 858**	**117 148**
Balance at the end of the year	**1 573 487**	**3 270 730**

22. Issued bonds

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

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

Issued bonds	Emission date	Maturity date	Amount	Actual interest rate (%)	31.12.2022 EUR	31.12.2021 EUR
ISIN code LV0000802304	01.07.2017	30.06.2021	4 050 000	8	-	-
ISIN code LV0000802411	19.03.2020	19.10.2023	15 000 000	8	4 870 500	4 870 500
Accrued interest for bonds coupon payment (LV0000802411)					78 378	78 378
Incremental cost allocation emission LV0000802411 *					(50 143)	(110 313)
				TOTAL:	**4 898 735**	**4 838 565**
				Total Non-current liabilities:	-	3 340 561
				Total Current liabilities:	4 898 735	4 838 565

On 31.12.2021. liabilities for bonds were presented as short-term liabilities because the financial covenant Net debt / EBITDA ratio was not fulfilled at the end of the reporting period. On 31.12.2022 both financial covenants are fulfilled.

In April 2023, Storent Holdings SIA, the sole shareholder of Storent Investments AS, announced new bond issue of up to EUR 15 million. Storent Holdings group will use the proceeds, among others, to refinance its existing liabilities.

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

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

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

	31.12.2022 EUR	31.12.2021 EUR
Balance at the beginning of the year	**4 838 565**	**7 446 468**
Repayment of bonds	-	(2 621 397)
Total changes from financing cash flows	**-**	**(2 621 397)**
Incremental cost allocation amortization, net	60 170	(4 574)
Proceeds from bond repurchases below nominal value	-	(4 403)
Interest expense	405 206	513 271
Interest paid	(405 206)	(490 800)
Total liability-related other changes	**60 170**	**13 494**
Balance at the end of the year	**4 898 735**	**4 838 565**

22. Issued bonds (cont.)

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

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

*On 2 April 2020 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 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 2022

In 2022 there were no transactions with bonds.

Transactions with bonds in 2021

Emission with ISIN code LV0000802304

On 1 December 2020 Storent Investments AS, 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 Storent Investments AS, 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 Storent Investments AS offered to the noteholders who own the notes of Storent Investments AS 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 Storent Investments AS new notes with ISIN code LV0000802411 ended, where the investors agreed to exchange the notes of Storent Investments AS 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 Storent Investments AS 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 Storent Investments AS has redeemed the remaining outstanding notes (ISIN LV0000802304) by transferring principal and interest payments to the bondholders.

23. Lease liabilities

By asset type	Maturity	Actual interest rate, (%)	31.12.2022 EUR	31.12.2021 EUR	Balance sheet value of leased assets on 31.12.2022 EUR
Other fixed assets	2022-2023	5% - 10,3%	12 396	20 677	10 402
Licenses and similar rights	2022	10,3%	-	28 553	-
		TOTAL:	**12 396**	**49 230**	**10 402**
		Total Non-current liabilities:	-	40 947	-
		Total Current liabilities:	12 396	8 283	-

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

	31.12.2022 EUR	31.12.2021 EUR
Balance at the beginning of the year	**49 230**	**133 898**
Repayment of lease liabilities	(47 082)	(84 668)
Total changes from financing cash flows	**(47 082)**	**(84 668)**
New leases	10 248	-
Interest expenses accrued	5 201	13 826
Interest paid	(5 201)	(13 826)
Total liability-related other changes	**10 248**	**-**
Balance at the end of the year	**12 396**	**49 230**

24. Financial instruments

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

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

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

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

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

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

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

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

All of the Group’s financial assets and financial liabilities are determined to be Level 3 in the fair value hierarchy. There were no transfers between fair value hierarchy levels in 2022 and in 2021.

24. Financial instruments (cont.)

Categories of financial assets and liabilities as at 31.12.2022 and as at 31.12.2021:

	31.12.2022		31.12.2021	
Financial assets	**Carrying amount**	**Fair value**	**Carrying amount**	**Fair value**
	EUR	**EUR**	**EUR**	**EUR**
Loans and receivables held at amortised cost				
- Trade receivables from related companies	1 250	1 250	4 390	4 390
- Trade receivables	791 705	791 705	1 033 971	1 033 971
- Other receivables	7 702	7 702	7 774	7 774
- Cash and cash equivalents	11 013	11 013	53 588	53 588
TOTAL financial assets:	**811 670**	**811 670**	**1 099 723**	**1 099 723**

	31.12.2022		31.12.2021	
Financial liabilities	**Carrying amount**	**Fair value**	**Carrying amount**	**Fair value**
	EUR	**EUR**	**EUR**	**EUR**
Financial liabilities held at amortized cost				
- Issued bonds	4 898 735	4 814 913	4 838 565	4 875 661
- Lease liabilities	12 396	12 396	49 230	49 231
- Loans from related parties	5 879 000	5 879 000	1 935 000	1 935 000
- Other borrowings	1 573 487	1 573 487	3 270 730	3 270 730
- Trade payables	557 928	557 928	437 982	437 982
- Other payables	88 368	88 368	68 306	68 306
TOTAL financial liabilities:	**13 009 914**	**12 926 092**	**10 599 813**	**10 636 910**

25. Financial risk management

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

Foreign currency risk

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

Credit risk

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

Cash

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

Trade receivables

The Company monitors outstanding trade receivables on a regular basis.

Loans issued

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

Liquidity risk

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

25. Financial risk management (cont.)

At 31 December 2022 and 31 December 2021, the maturity of the financial liabilities of the Company, based on undiscounted payments provided for in the agreements can be disclosed as follows:

31.12.2022	< 3 month	3-6 month	6-12 month	1-5 years	TOTAL	Expected interest payments TOTAL	Carrying amount TOTAL
	EUR	EUR	EUR	EUR	EUR	EUR	EUR
Issued bonds	(97 410)	(97 410)	(5 065 320)	-	**(5 260 140)**	(361 405)	4 898 735
Loans from related parties*	(1 482 894)	(2 101 861)	(2 459 197)	-	**(6 043 952)**	(164 952)	5 879 000
Lease liabilities	(12 569)	-	-	-	**(12 569)**	(173)	12 396
Other borrowings	(305 335)	(146 448)	(445 735)	(732 475)	**(1 629 993)**	(56 506)	1 573 487
Trade payables	(557 928)	-	-	-	**(557 928)**	-	557 928
Other financial liabilities	(88 368)	-	-	-	**(88 368)**	-	88 368
TOTAL:	**(2 544 504)**	**(2 345 719)**	**(7 970 252)**	**(732 475)**	**(13 592 950)**	**(583 036)**	**13 009 914**

*Loans from related parties Storent SIA and Storent UAB. Since the Company is the parent company of Storent SIA and Storent UAB, the management expects that the repayment term of the loan will be extended, or the loans will be refinanced by concluding new loan agreements with Storent SIA and Storent UAB.

31.12.2021	< 3 month	3-6 month	6-12 month	1-5 years	TOTAL	Expected interest payments TOTAL	Carrying amount TOTAL
	EUR	EUR	EUR	EUR	EUR	EUR	EUR
Issued bonds	(4 838 565)	-	-	-	**(4 838 565)**	-	4 838 565
Loans from related parties*	-	-	(2 030 376)*	-	**(2 030 376)**	(95 376)	1 935 000
Lease liabilities	(35 110)	(1 649)	(3 847)	(12 546)	**(53 152)**	(3 922)	49 230
Other borrowings	(617 106)	(451 123)	(755 728)	(1 629 993)	**(3 453 950)**	(183 220)	3 270 730
Trade payables	(437 982)	-	-	-	**(437 982)**	-	437 982
Other financial liabilities	(68 306)	-	-	-	**(68 306)**	-	68 306
TOTAL:	**(5 997 069)**	**(452 772)**	**(2 789 951)**	**(1 642 539)**	**(10 882 331)**	**(282 518)**	**10 599 813**

26. Capital management

The purpose of the Company's capital management is to provide a high credit rating and a balanced structure of capital to ensure successful activity of the Company and to maximize the Company's share value. The Company is not subject to any externally imposed capital requirements. The Company is controlling the structure of capital and adjusts this structure according to economic conditions. To control and adjust the capital structure, the Company can change conditions of payment of dividends to shareholders, to return them part of shares or to issue new shares. In 2022 and 2021, there were no changes introduced to purposes, policy or processes related to capital management.

	31.12.2022	31.12.2021
	EUR	EUR
Interest bearing loans and borrowings	12 363 618	10 093 525
Trade and other payables	646 296	506 288
Less cash and cash equivalents	(11 013)	(53 588)
Net debt	**12 998 901**	**10 546 225**
Equity	33 721 353	34 159 800
Net debt to equity ratio:	**0.39**	**0.31**

27. Issued guarantees

The Company has issued a number of guarantees in favor of third parties for the liabilities of its subsidiaries. In assessing the expected credit losses on these guarantees, the management individually determines and applies the probability of default of each subsidiary and the expected loss in the event of default, using the method described in Note 2 (h). Evaluating the ability of the subsidiaries to meet their obligations as at 31 December 2022 and 31 December 2021, the Company management believes that no significant additional accruals for credit losses are required.

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

In 2016, 2017 and 2018 Storent Investments AS issued a guarantee to Luminor Līzings SIA due to concluded lease contracts between Storent SIA and Luminor Līzings SIA. The amount of the guarantee is 2 737 904 EUR and guarantee is valid till 30 April 2027. At the time of preparation of the financial statements the Company management has not identified circumstances that would indicate that an outflow of economic benefits from the Company will be required to settle the obligation.

In 2016, 2017 and 2018 Storent Investments AS issued a guarantee to Citadele Leasing SIA due to concluded financial lease contracts between Storent SIA and UniCredit Leasing SIA. The amount of the guarantee is 209 503 EUR and guarantee is valid till 31 December 2023. At the time of preparation of the financial statements the Company management has not identified circumstances that would indicate that an outflow of economic benefits from the Company will be required to settle the obligation.

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

In 2020 Storent Investments AS issued guarantee to NORDEA RAHOITUS SUOMI OY due to concluded lease contracts between Storent Oy and NORDEA RAHOITUS SUOMI OY. The amount of the guarantee is 1 442 594 EUR and guarantee is valid till full liability repayment. At the time of preparation of the financial statements the Company management has not identified circumstances that would indicate that an outflow of economic benefits from the Company will be required to settle the obligation.

Storent Investments AS issued a guarantee to Levina Investments S.a r.l. due to concluded loan agreement between Storent Holding Finland Oy and Levina Investments S.a r.l. The amount of the guarantee is 5 430 175 EUR and guarantee is valid till full loan repayment. At the time of preparation of the financial statements the Company management has not identified circumstances that would indicate that an outflow of economic benefits from the Company will be required to settle the obligation.

28. Going concern of the Company

The Company's financial performance in the reporting year was a loss of EUR 438 447 (2021: profit of EUR 2 141 469). At the end of the year, the Company's current liabilities exceeded its current assets by EUR 11 559 496 (31.12.2021: current liabilities exceeded current assets by EUR 8 100 113), as a result of significant borrowings approaching maturity, which may cast significant doubts on the Company's ability to continue as a going concern.

The Company's management has evaluated the current and potential impact 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 2023 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:

- On December 28, 2022, Storent Holdings SIA became the sole shareholder Storent Invetsments AS. Consequently, Storent Investments and its subsidiary companies become part of the newly established holding, which, in addition to the Storent group, also includes SEL Investments SIA group, which holds investments in construction equipment rental companies SELECTIA SIA and SELECTIA PLUS SIA. Storent Investments AS and its subsidiaries in addition to a modern rental fleet and a large rental depo network have a wide customer base with a very well-developed trademark, experienced team and digital know-how. SEL Investments SIA and its two subsidiaries own around 50% of the construction equipment fleet that Storent group operates. The merger of both groups will allow to increase expertise and improve financial ratios to continue development of the Storent Holdings group with a significantly higher speed and profitability. The restructuring of the newly established group commenced at the end of 2022. Consolidated unaudited income statement of the newly established Storent Holdings group would show EUR 2.6 million net profit from operating activities in 2022 assuming if the Group had been established as of 1 January 2022. By increasing net revenues by on average 10% in 2023, the management plans to reach up to EUR 5 million net profit in 2023.
- According to Storent Holdings group budget, it is planned that SEL Investments companies will provide Storent Investments and its subsidiaries with subordinated loan of up to 8 million euro by spring 2024 as subordinated loan, to ensure Group liquidity. By the end of April 2023, SIA Selectia and SIA Selectia Plus have provided Storent Investments subsidiaries with subordinated loans in amount of 2,9 million euros. The source of these loans is both the income from the partial sale of the construction equipment fleet and the funds of the group companies.

28. Going concern of the Company (cont.)

- In 2023, Storent Holdings group plans to increase rental income in all its countries of operation by 10% on average, as noted above. Further revenue and profitability growth is expected from investing in new equipment in 2023 up to EUR 7 million and from selling older equipment units as previously mentioned. Overall inflation allows to increase rental prices and gives positive impact on sales volumes. Management estimates that the construction industry will continue with the steady moderate growth in the Baltics. Nordic countries construction market values are estimated to slightly decrease in 2023. 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 and higher personal costs will increase prices and demand of rental construction equipment as construction companies will look for ways how to replace manual work with increased use of tools and equipment. It is expected that Rail Baltica project will give a significant positive impact on the construction industry in the Baltics.
- Storent Group continues to work on operational efficiency by developing online sales and paper-less rental process. Equipment delivery organization via logistic online platform Cargopoint increase efficiency of transportation services.
- In April 2023, Storent Holdings SIA, the sole shareholder of Storent Investments AS, announced new bond issue of up to EUR 15 million, which will for the first time be open to both retail and institutional investors. The Storent Holdings group will use the proceeds for new investments, further mergers and acquisition and to refinance its existing liabilities.
- Based on above, the Group management plans further development of subsidiaries in five countries. The main focus in 2023 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.
- The Company management has evaluated the current geopolitical situation and its impact on subsidiary companies, especially the subsidiary entity in Russia, Kaliningrad. At the end of 2022, the Company has decided to sell the subsidiary in Russia (Kaliningrad) and currently the applicable legal procedures are in process. Minimum estimated net sales consideration is already reflected on the Company's balance sheet when assessing the recoverable value of the asset held for sale (investment in subsidiary) as at 31 December 2022. At the moment of issue of these financial statements Storent OOO continues to operate without significant changes independently from other group companies. The Company monitors and follows sanction restrictions and, so far, these don't affect the subsidiaries' activities.
- After the year end, the Storent Holdings group has started the legal reorganization process, which was approved in the end of 2022, in order to complete the merger of SEL Investments SIA with Storent Investments AS and Selectia SIA, Selectia Plus SIA with Storent SIA by the end of 2023, which will save administrative costs, excluding mutual transactions and the costs associated with their accounting and simplifying internal processes in the subsidiary entities. Since January 2023, all equipment owned by Selectia SIA and Selectia Plus SIA is leased to subsidiary companies of Storent Investments AS without the intermediary of the PreferRent platform, which creates savings for the group entities.
- Compared to the first quarter of 2022, the Company's and its subsidiaries' unaudited consolidated revenues in the first quarter of 2023 have increased by 8% and the amount of consolidated losses has decreased by 20%.

Taking into account the information currently available, the most recent key performance indicators of the Company and its subsidiary entities and the actions taken by management, the Company and its subsidiary entities expect to continue operations as a going concern. As such, these separate financial statements have been prepared on the basis that the Company will continue as a going concern, and do not include any adjustments that might be necessary if the going concern assumption would not be applicable.

29. Post balance sheet events

Non-adjusting events

In April 2022, Storent Holdings SIA, the sole shareholder of Storent Investments AS announced new bond issue of up to EUR 15 million which will for the first time be open to both retail and institutional investors. The company will use the proceeds for new investments, further mergers and acquisition and to refinance its liabilities.

The Storent Holdings group has started the legal reorganization process, which was approved in the end of 2022, to merge SEL Investments SIA with Storent Investments AS and Selectia SIA, Selectia Plus with Storent SIA by the end of 2023.

Until the end of April 2023, Selectia SIA and Selectia plus SIA have granted subordinated loans to subsidiaries of Storent Investments AS in the amount of 2.9 million euros to ensure Group liquidity.

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.

These separate financial statements were signed on 10 May 2023 on the Company's behalf by:

Andris Pavlovs
Member of the Board

Marina Grigore
Chief Accountant

* * *

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Independent Auditors' Report

To the shareholder of Storent Investments AS

Report on the Audit of the Separate Financial Statements

Our Opinion on the Separate Financial Statements

We have audited the accompanying separate financial statements of Storent Investments AS ("the Company") set out on pages 8 to 42 of the accompanying separate Annual Report, which comprise:

- the separate statement of financial position as at 31 December 2022,
- the separate statement of comprehensive income for the year then ended,
- the separate statement of changes in equity for the year then ended,
- the separate statement of cash flows for the year then ended, and
- the notes to the separate financial statements, which include a summary of significant accounting policies and other explanatory notes.

In our opinion, the accompanying separate financial statements give a true and fair view of the separate financial position of Storent Investments AS as at 31 December 2022, and of its separate financial performance and separate cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union.

Basis for Opinion

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

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

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

Key Audit Matters

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

We have determined the matters described below to be the key audit matters to be communicated in our report.

Impairment of intangible assets and investments in subsidiaries

The Company's intangible assets as at 31 December 2022 amounted to EUR 2 073 806 (31 December 2021: EUR 2 029 812) and investments in subsidiaries as at 31 December 2022 amounted to EUR 42 724 898 (31 December 2021: EUR 40 289 275). Non-financial asset impairment charge for the year ended 31 December 2022 amounted to EUR 482 937 (year ended 31 December 2021: EUR 0).

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

<table>
<tr><th>Key audit matter</th><th>Our response</th></tr>
<tr><td>Due to the fact that impairment indicators were identified as at 31 December 2022, as discussed in Note 11, the Company estimated the recoverable amount of its investments in subsidiaries to which intangible assets are allocated and recognized an impairment loss at the above date.

The assessment of the recoverable amount and impairment of the Company's intangible assets and investments in subsidiaries balances incorporated significant management judgement in respect of assumptions such as the newly established Storent Holdings group's net turnover growth, EBITDA margin (as a result of internal cost optimization and internal transfer pricing adjustments), timing and magnitude of EBITDA growth, as well as discount rate used. Small changes in the above assumptions can result in materially different outcomes. This, therefore, gives rise to inherent estimation uncertainty related to the carrying amount of</td><td>Our audit procedures included, among others:

• evaluating against the requirements of the relevant financial reporting standards the Company's accounting policy for identification of impairment, and measurement and recognition of any impairment losses in respect of intangible assets and investments in subsidiaries;

• understanding the Company's and its subsidiaries' business planning process, including the preparation and validation of financial and cash flow forecasts and testing the design and implementation of selected key internal controls over the Company's business planning process;

• assisted by our own valuation specialists, challenging the reasonableness of the key assumptions used in the determination of the prospective financial information, such as the forecast amounts of sales and timing of cash collections, forecast amounts of expenses and capital expenditure, and timing of cash disbursements, discount rate and terminal growth rate based on our understanding of the Company's and its subsidiaries' activities and by reference to publicly available industry/market reports;

• considered the reasonableness of the Company's performed sensitivity analysis showing the impact of a reasonable change in the impairment testing assumptions, to determine whether an impairment charge was required;</td></tr>
</table>

these assets recorded in the separate financial statements. Due to the above factors, we considered impairment of intangible assets and investments in subsidiaries to be a key audit matter.	• performing independent sensitivity analysis, including assessing the effect of a reasonably possible change in the key assumptions; • considered whether the Company's disclosures regarding the sensitivity of the outcome of the impairment testing to changes in key assumptions complete and accurately reflected the estimation uncertainty in the valuation in line with the applicable requirements of the relevant financial reporting standards.

Going concern

Reference to the separate financial statements: Note 2 (b) "Use of estimates and judgements" and Note 28 "Going concern of the Company" (Notes to the separate financial statements).

Key audit matter	***Our response***
The Company's separate financial statements are prepared on a going concern basis. The Company's financial performance in the reporting year was a loss of EUR 438 447 (2021: profit of EUR 2 141 469). At the end of the year, the Company's current liabilities exceeded its current assets by EUR 11 559 496 (31.12.2021: current liabilities exceeded current assets by EUR 8 100 113), as a result of significant borrowings approaching maturity, which may cast significant doubts on the Company's ability to continue as a going concern. The Company's going concern assessment was based on cash flows forecast, which, in the Management Board's view, supports the assertion that the Company will have sufficient resources to continue for a period of at least 12 months from the reporting date. The preparation of these forecasts incorporated a number of assumptions and significant judgment, including those related to the Company's and its subsidiaries' future revenue growth and cost optimization forecasts. As part of the assessment, the Company also considered a number of actions	Our audit procedures included, among others: • understanding the Company's business planning process, including the assessment of its ability to continue as a going concern, and the preparation and validation of cash flow forecasts used in the assessment, and also testing the design and implementation of the Company's risk assessment and monitoring controls; • inspecting the Management Board's going concern assessment, including their evaluation of the business/operating and liquidity risks, and plans for further actions in response to the risks identified. As part of the procedure, we also made corroborating inquiries of the Company's Management Board and CFO; • independently, with the assistance of our valuation specialists, where applicable, evaluating the reasonableness and feasibility of the plans for future actions, by reference to the preceding procedure as well as by performing the following: — challenging the key assumptions used in the determination of the prospective financial information. This primarily included challenging the forecast amounts of sales and cash inflows, forecast amounts of expenses and cash outflows, capital expenditure and the timing of settlements of the Company's liabilities, based on our understanding of the

aimed at alleviating the potential disruption to its business and liquidity position, such as liquid funds received from the group, which incorporates the Company and its subsidiaries, as a result of the sale of its fixed assets and/or attraction of additional external financing, as well as further cost reduction measures as a result of the reorganization initiated by the group. The Management Board concluded that the range of possible outcomes considered at arriving at this judgment does not give rise to material uncertainties related to events or conditions that may cast significant doubt on the Company and its subsidiaries' ability to continue as a going concern. Note 28 further explains how the judgment was formed. The Company's use of the going concern basis of accounting is a key audit matter due to the associated extent of uncertainty, and consequently, high level of judgment required in evaluating the Management Board's plans for future actions and their financial impact.	Company's activities and by reference to publicly available industry/market reports; — performing an analysis of the going concern conclusion's sensitivity to changes in the aforementioned key assumptions adopted in the going concern assessment, and considering whether there were any indicators of management bias in the assessment; — assessing the availability and terms and conditions of existing financing facilities and arrangements, by inspecting underlying documentation, such as agreements, and assessing the impact of any covenants and other restrictive terms therein; — assessing the availability of additional financing facilities, by inspecting underlying documentation, such as support letters provided by Storent Holdings SIA group entities, and assessing the practical abilities of these parties to provide such financing. • considering whether any additional relevant facts or information have become available since the date on which the Company made its assessment; • evaluating the appropriateness of Company's disclosures in respect of the going concern assessment, subsequent events and any related uncertainties in the separate financial statements in line with the applicable requirements of the relevant financial reporting standards.

Reporting on Other Information

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

- General Information, as set out on page 3 of the accompanying separate Annual Report,
- the Management Report, as set out on pages 4 to 6 of the accompanying separate Annual Report,
- the Statement on Management Responsibility, as set out on page 7 of the accompanying separate Annual Report,
- the Statement of Corporate Governance for 2022, as set out in a separate statement provided by Storent Investments AS management and available on the Nasdaq Baltic exchange website https://nasdaqbaltic.com, Storent Investments AS, section Reports.

Our opinion on the separate financial statements does not cover the other information included in the separate Annual Report, and we do not express any form of assurance conclusion thereon, except as described in the *Other Reporting Responsibilities in*

Accordance with the Legislation of the Republic of Latvia Related to Other Information section of our report.

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

If, based on the work we have performed and in light of the knowledge and understanding of the Company and its environment obtained in the course of our audit, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

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

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

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

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

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

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

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

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

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

Auditors' Responsibility for the Audit of the Separate Financial Statements

Our objectives are to obtain reasonable assurance about whether the separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these separate financial statements.

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

- Identify and assess the risks of material misstatement of the separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

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

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

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

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

Report on Other Legal and Regulatory Requirements

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

We were appointed by the Company's shareholders meeting on 19 October 2022 to audit the separate financial statements of Storent Investments AS for the year ended 31 December 2022. Our total uninterrupted period of engagement is 3 years, covering the periods ending 31 December 2020 to 31 December 2022.

We confirm that:

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

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

KPMG Baltics SIA
Licence No. 55

Armine Movsisjana
Chairperson of the Board
Latvian Sworn Auditor
Certificate No. 178
Riga, Latvia
10 May 2023

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