JOINT-STOCK COMPANY

STORENT INVESTMENTS

(REGISTRATION NUMBER 40103834303)

CONSOLIDATED INTERIM REPORT FOR THE 6 MONTHS OF 2022

NOT AUDITED

Riga, 2022

CONTENT

General information

Name of the Group's Parent company	Storent Investments
Legal status of the Group's Parent company	Joint-stock company
The Group Parent company's registration number, place and date	40103834303 Riga, 7 October 2014
Registered address of the Group's Parent company	15a Matrozu Street, Riga, LV-1048, Latvia
Shareholders of the Group's Parent company	Levina Investments S.A.R.L. (Luxembourg) 73% Bomaria LTD (Latvia) 13.5% Supremo LTD (Latvia) 13.5%
Members of the Board	Andris Bisnieks, Member of the Board Andris Pavlovs, Member of the Board
Members of the Council	Nicholas Kabcenell, Chairman of the Council Baiba Onkele, Member of the Council Burak Dalgin, Member of the Council
Group's type of operations	Renting and leasing of construction machinery and equipment
Group's NACE code	77.32 (2.0 rev) Rental and leasing of construction and civil engineering machinery and equipment

Management report

The Group's type of operations

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

The Group's development and financial performance during the reporting period

Total revenues of Storent Group in 6 months 2022 increased by 7.5% compared to 6 months 2021, mainly due to the construction market recovery after Covid-19 pandemic. Despite uncertainty in geopolitical situation and economy in general rental equipment market showed positive trend. After very good result in the first quarter, Baltic construction market faced uncertainty and slowed down in the second quarter. Among the main reasons for that were a number of suspended large construction projects affected by unexpected price increase on raw building materials, applied sanctions and interrupted logistics chains as a result of the war in Ukraine. It took few months for the market to adjust to the new situation and increase market activity.

Group is continuing effective costs optimization process which has resulted into significant loss decrease, compared to the same time period last year. We were able to continue our online and digitalization strategy by offering to customers rental services for competitive price with the most up to day online tools. Previous cost optimization measures, internal procedure improvements and paper less process implementation reduced losses and significantly increased companies' efficiency in numbers and qualitative indicators. The Group continued development of the full-cycle online portal by introducing customers with customer loyalty program called "STORENT COINS," which helps to build long-term collaboration with customers. Contactless online rental platform with digital authorization and electronically signed documents gives significant competitive advantage in rental market and customers can rent the equipment in a convenient, secure and fast way.

During the reporting period Group's rental fleet structure continued to change, with own equipment proportion decreasing from 43% in prior period to 30% in current period.

Baltic region net revenue increased by 6% with almost identically increasing trends in each of the countries. The Baltic region accounts for approximately 75% of the Group's net revenue. Rental operation efficiency increased and online orders continued to grow, making more than 45% of Storent total net revenue in Baltic region. The number of documents signed electronically also continued to grow reaching 81% of all signed deals. This suggests that the online rental platform is an appreciated tool in the market today. These results were driven by people's willingness to work in distance, as well as by emerging new technology usage habits. Despite challenges in construction sector due to introduced sanctions and rising prices customers adopted to the new situation and market recovery continues in third quarter. Implementation of the "Rail Baltica" project continues and it one of major projects in the region.

Nordic operation revenues were the same in reporting period compared to the 6 months in the last year with small decrease in Finland and 10% increase in Sweden. Storent in the Nordic countries has a relatively small market share, and main focus is on building long-term cooperation with customers. Starting summer Finland shows particularly good results, which are achieved by focusing on our specialization in cranes and access equipment.

Operations of subsidiary Storent OOO in **Kaliningrad** shows 42% increase in revenue compared to the same period last year. This was influenced by rising rental prices. However, uncertainty is expected to continue in the coming months, promoted by the geopolitical situation and the impact of sanctions. The sector in the region is facing shortages of construction materials and rapid price increases. Operation in Kaliningrad generates less than 2% from Storent groups total revenue and entity is running independently from Storent Group.

The future development of the Group

The Group management plans further development of all subsidiaries. For the next period the Group will focus on development of online sales, digital transformation and increasing efficiency of rental operations. Storent Group aims to reach 50% of sales online and 90% deals signed digitally by the end of 2022. The Group will continue to develop its IT solutions to meet future needs. It is expected to test first functionalities of the new IRMS (Intelligent Rental Management System) in late autumn 2022. In early 2022, Storent entities in the Baltics joined digital freight platform Cargopoint that allows to organize transportation in a more efficient manner and will give opportunity to serve a wider range of customers with a more competitive price. Recently CargoPoint introduced market with new functionality of price bidding that will bring more profit on transportation services.

Construction market is going in high-season and due to limited and higher financing costs and limited and more expensive personal resources the penetration rates of equipment rent is expected to increase in Baltic market approaching higher level. Storent Group continues to focus more on fleet performance results and continues to increase efficiency of fleet management. In parallel we do constant fleet improvements by adding new equipment from PreferRent equipment provision, third party splitrent vendors and also own equipment units. We are working with orders of new equipment in amount of EUR 10 million that will replace some of the older fleet and increase Group market position and we strongly believe market will be favorable to utilize these units well. Management estimates that the construction industry will fully recover after Covid-19 pandemic during 2022, and construction volumes will return to the level of 2019 and start to grow further from 2023. It is expected that Rail Baltica project will give a significant positive impact on the construction industry in the Baltics.

Financial risk management

The Group's key principles of financial risk management are laid out in Note 32.

Conditions and events after the end of the reporting year

In 2022, in order to meet minimal capital requirements according to respective country laws, the Group has invested EUR 720 000 into the share capital of the Finnish and it was used to settle liabilities towards other Storent Group companies.

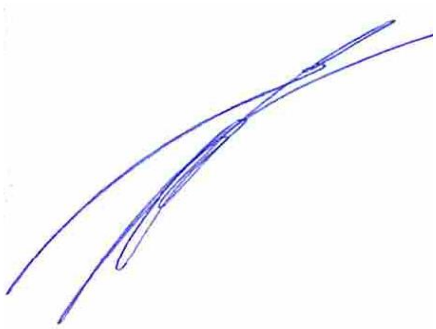
As a result of military actions started by the Russian Federation in Ukraine on 24 February 2022, the Group will apply all sanctions, business restrictions, etc. initiated and introduced by the local and foreign authorities, and will disclose information that has significant impact on the Group's and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

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

Statement of management's responsibility

On the basis of information held by the management board of the groups parent company the financial and other additional information published in the Interim report January– June 2022 is true and complete. Consolidated financial statement gives a true and fair view of the actual financial position and results of operations. The interim management report contains true information.

Consolidated financial statements in the report for the period January – June 2022 is not yet audited.



Andris Bisnieks
Member of the Management Board

Andris Pavlovs
Member of the Management Board

Consolidated statement of comprehensive income

	Note	01.01.2022-30.06.2022 EUR	01.01.2021-30.06.2021 EUR
Net revenue	3	19 916 985	19 091 676
Other operating income	4	1 233 982	591 243
Cost of materials and services	5	(11 774 562)	(10 248 461)
Personnel costs	10	(4 280 582)	(4 408 681)
Other operating expenses	6	(2 827 293)	(2 722 581)
Depreciation and amortization	7	(2 760 355)	(3 624 904)
Impairement gain/(loss) on trade receivables and contract assets		(58 944)	(47 795)
Finance income	8	2 271	137 189
Finance expenses	9	(1 110 742)	(1 310 635)
Profit /(loss) before income tax		**(1 659 240)**	**(2 542 949)**
Income tax income / (expense)		(12 723)	(1 203)
Profit /(loss) for the period		**(1 671 963)**	**(2 544 152)**
Items that may be reclassified subsequently to profit or loss			
Exchange differencies on foreign currency operations		9 353	(4 990)
Other comprehensive income /(loss) for the period		**9 353**	**(4 990)**
Total comprehensive income/ (loss) for the period		**(1 662 610)**	**(2 549 142)**

The notes on pages 12 to 48 are an integral part of these interim report.

Consolidated statement of financial position

ASSETS

NON-CURRENT ASSETS	Note	30.06.2022 EUR	31.12.2021 EUR
Intangible assets			
Licences and similar rights		22 485	20 816
Other intangible assets		771 150	1 030 135
Intangible assets in process		1 222 863	985 288
Goodwill		11 316 707	11 316 707
TOTAL Intangible assets	11	**13 333 205**	**13 352 946**
Property, plant and equipment			
Lands and buildings		196 542	204 070
Machinery and equipment		5 235 851	9 382 163
Other fixed assets		379 434	369 586
TOTAL Property, plant and equipment	12	**5 811 827**	**9 955 819**
Rights of use assets			
Rights of use assets	13	**12 077 733**	**13 428 294**
Other non-current assets			
Deferred income tax assets		899	1 286
TOTAL Other non-current assets		**899**	**1 286**
TOTAL NON-CURRENT ASSETS		**31 223 664**	**36 738 345**

CURRENT ASSETS	Note	30.06.2022 EUR	31.12.2021 EUR
Inventories	14	1 120 565	1 150 870
Asstes held for sale	15	23 241	406 596
Receivables			
Trade receivables	16	9 394 354	5 928 929
Contract assets	17	3 429	4 192
Other receivables	18	601 763	232 513
Prepaid expenses	19	171 369	119 628
TOTAL Receivables		**10 170 915**	**6 285 262**
Cash and cash equivalents	20	661 225	920 267
TOTAL CURRENT ASSETS		**11 975 946**	**8 762 995**
TOTAL ASSETS		**43 199 610**	**45 501 340**

The notes on pages 12 to 48 are an integral part of these interim report.

Consolidated statement of financial position

EQUITY AND LIABILITIES

	Note	30.06.2022	31.12.2021
EQUITY		**EUR**	**EUR**
Share capitals	21	33 316 278	33 316 278
Reserves:			
Foreign currency translation reserve		(38 783)	(48 136)
Other reserves		26 774	26 774
Accumulated losses:			
Retained earings / (losses)		(22 853 030)	(21 181 067)
TATAL EQUITY		**10 451 239**	**12 113 849**
CREDITORS			
Long-term liabilities			
Issued bonds	23	4 790 272	-
Borrowings from related parties	30 (c)	6 350 706	-
Lease liabilities	24	5 045 639	6 789 551
Other borrowing	25	1 108 551	1 504 527
Deferred income tax liabilities		936	1 286
TOTAL Long-term liabilities		**17 296 104**	**8 295 364**
Short-term liabilities			
Issued bonds	23	78 378	4 838 565
Borrowings from related parties	30 (c)	-	6 123 340
Lease liabilities	24	4 640 896	5 133 199
Liabilities directly associated with the assets held for sale	15	-	23 039
Other borrowing	25	1 171 275	1 766 203
Contract liabilities	16	357 597	404 345
Trade payables		5 962 983	3 945 995
Corporate income tax		-	17 472
Taxes and mandatory state social insurance contribution	26	1 465 736	923 160
Deferred income	27	64 491	79 443
Other provisions	22	76 734	138 903
Other liabilities	28	383 016	389 481
Accured liabilities	29	1 251 161	1 308 982
TOTAL Short-term liabilities		**15 452 267**	**25 092 127**
TOTAL LIABILITIES		**32 748 371**	**33 387 491**
TOTAL EQUITY ND LIABILITIES		**43 199 610**	**45 501 340**

The notes on pages 12 to 48 are an integral part of these interim report.

Consolidated statement of cash flows

	Notes	01.01.2022-30.06.2022 EUR	01.01.2021-30.06.2021 EUR
Cash flows from operating activities			
Profit/ (loss) before income tax		(1 659 240)	(2 542 949)
Adjustments:			
Amortisation of intangible assets and depreciation of property, plant and equipment	11,12,13	2 760 355	3 624 904
Net result on disposals of property, plant and equipment		(1 411 606)	(262 293)
Interest expense	9	1 030 966	1 301 387
Provision increase		(57 823)	546 789
Operating results before changes in working capital		***662 652***	***2 667 838***
Receivables (increase) / decrease		(3 885 653)	(2 220 546)
Inventories decrease / (increase)		413 659	(51 447)
Payables (decrease) / increase		2 436 582	1 190 854
Cash flows from operating activities		***(372 760)***	***1 586 699***
Interest paid		(744 472)	(921 059)
Corporate income tax paid		(37 505)	(1 203)
Net cash flow generated from operating activities		**(1 154 737)**	**664 437**
Cash flows from investing activites			
Purchases of intangible assets and property, plant and equipment		(1 246 005)	(1 797 214)
Proceeds from sale of property, plant and equipment		5 675 874	5 218 303
Net cash used in investing activities		**4 429 869**	**3 421 089**
Cash flows from financing			
Repaymnent of bonds		-	(2 625 800)
Repaymnent of other borrowings		(1 019 948)	(1 633 640)
Repayment of lease liabilities		(2 523 579)	(2 049 373)
Net cash used in financing activities		**(3 543 527)**	**(6 308 813)**
Foreign curreny exchange		9 353	(24 693)
Net cash flow for the period		**(259 042)**	**(2 247 980)**
Cash and cash equivalents at the beginning of the reporting period		920 267	3 720 140
Cash and cash equivalents at the end of the reporting period	**20**	**661 225**	**1 472 160**

The notes on pages 12 to 48 are an integral part of these interim report.

Consolidated statement of changes in equity

	Share Capital	Foreign currency translation reserve	Other reserves*	Retained earnings / (losses)	Total
	EUR	EUR	EUR	EUR	EUR
Balance at 30 June 2020	**33 316 278**	**26 979**	**26 774**	**(11 779 442)**	**21 590 589**
Loss for the period	-	-	-	(5 998 775)	**(5 998 775)**
Other comprehensive income	-	(52 082)	-	-	**(52 082)**
Balance at 31 December 2020	**33 316 278**	**(25 103)**	**26 774**	**(17 778 217)**	**15 539 732**
Loss for the period	-	-	-	(2 544 152)	**(2 544 152)**
Other comprehensive income	-	(4 990)	-	-	**(4 990)**
Balance at 30 June 2021	**33 316 278**	**(30 093)**	**26 774**	**(20 322 369)**	**12 990 590**
Loss for the period	-	-	-	(858 698)	**(858 698)**
Other comprehensive income	-	(18 043)	-	-	**(18 043)**
Balance at 31 December 2021	**33 316 278**	**(48 136)**	**26 774**	**(21 181 067)**	**12 113 849**
Loss for the period	-	-	-	(1 671 963)	**(1 671 963)**
Other comprehensive income	-	9 353	-	-	**9 353**
Balance at 30 June 2022	**33 316 278**	**(38 783)**	**26 774**	**(22 853 030)**	**10 451 239**

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

The notes on pages 12 to 48 are an integral part of these interim report.

Notes to the consolidated financial statements

1. General information

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

2. Summary of significant accounting policies

(a) Basis of preparation

These unaudited condensed consolidated interim financial statements of Group for 6 months 2022 have been prepared in accordance with IAS 34 Interim Financial Reporting and should be read in conjunction with the Group's last annual consolidated financial statements as at and for the year ended 31.12.2021. They do not include all of the information required for the complete set of IFRS financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the end of last annual financial statements.
The consolidated financial statements have been prepared on the historical cost basis except positions which are stated at their fair values. Income statement classified by expense type. Cash flow statement is prepared using the indirect method.
The accompanying consolidated financial statements are presented in the currency of the Latvian Republic, the euro (hereinafter – EUR).

(b) Consolidation

As at 30 June 2022 the Group's Parent company had control over the following subsidiaries:

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

*Indirect shareholding

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

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

2. Summary of significant accounting policies (cont.)

(b) Consolidation (cont.)

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

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

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

(c) Foreign currency transactions

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

All transactions in foreign currency are converted to EUR based on the European Central Bank exchange rate on trade date. On the balance sheet date, foreign currency monetary assets and liabilities are translated at the European Central Bank exchange rate as at 30 June.

European Central Bank reference exchange rates:

	30.06.2022 EUR	31.12.2021 EUR	30.06.2021 EUR
1 USD	0.962742	0.88292	0.84147
1 GBP	1.165230	1.19007	1.16543
1 NOK	0.096630	0.10011	0.09831
1 SEK	0.093197	0.09755	0.09890
1 RUB*	0.008532	0.01172	0.01152

* Taking into account situation with RUB exchange rate (the ECB decided to suspend the publication of the Russian ruble reference rate. The EUR/RUB reference rate was last published by the ECB on March 1, 2022), for the preparation of this interim report, the group used the RUB exchange rate until 01.03.2022.

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

(d) Consolidation of foreign subsidiaries

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

(e) Estimates and assumptions

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

2. Summary of significant accounting policies (cont.)

(e) Estimates and assumptions (cont.)

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

- *Note 11 – Recoverable value of goodwill and other non-current non-financial assets;*

The Group's management reviews the carrying amounts of intangible assets, including goodwill, and property, plant and equipment, and assesses whether indications exist that the assets' recoverable amounts are lower than their carrying amounts. The Group's management calculates and records an impairment loss on intangible assets and fixed assets based on the estimates related to the expected future use, planned liquidation or sale of the assets. Taking into consideration the Group's planned level of activities and the estimated value in use of the assets, the Group's management considers that no significant adjustments to the carrying values of intangible assets and fixed assets are necessary as of 30 June 2022.

(f) Fair value

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

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

(g) Segment information

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

(h) Revenue recognition

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

1. Determination of contractual relations;
2. Determination of contract performance obligation;
3. Determination of transaction price;
4. Attribution of transaction price to the performance obligation;
5. Recognition of income, when the Group has fulfilled the performance obligation.

The following criteria are used for determination of contractual relations:

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

2. Summary of significant accounting policies (cont.)

(h) Revenue recognition *(cont)*

Determination of contract performance obligation.

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

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

Determination of transaction price

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

Attribution of the transaction price to the performance obligation

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

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

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

<u>Transport and related services revenue</u>
Revenue is recognised over time as the services are provided, that is based on criteria that the customer simultaneously receives and consumes all of the benefits provided by the Group and, generally, invoiced on a monthly basis.
Fulfilment of performance obligations for transport and related services is measured based on the output method – performance to date, and there is no significant judgement applied to determine the fulfilment of the performance obligations.
<u>Revenue from sale of inventories and property, plant and equipment used for renting</u>
Revenue is recognised at a point in time when the corresponding asset is delivered to and accepted by the customer, thus, transferring the control and fulfilling the performance obligation, and, generally, invoiced at that point in time.

Contract assets and liabilities

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

(i) Employee benefits

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

2. Summary of significant accounting policies (cont.)

(j) Finance income and finance costs

The Group's finance income and finance costs include:

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

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

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

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

(k) Intangible assets

Goodwill

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

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

For the purpose of impairment testing, recoverable amount - value in use - is determined by discounting the future cash flows generated from the continuing use of assets and was based on the following key assumptions: Cash flows were projected based on financial budgets approved by the management covering a five-year period. Each of the Group's subsidiaries was determined to be a separate cash-generating unit ("CGU"). Cash flows were calculated separately for each CGU, key assumptions for calculations are the same for all CGU: five-year business plan for each CGU, discount factor, which is based on WACC calculation, and Group total IBD was divided between each CGU according to fleet proportion. The five-year business plan is based on the following assumptions: Group's amortisation and depreciation costs, IT costs, management fee, insurance costs and interest expenses are allocated to individual budget of each CGU according to fleet proportion allocated. Fleet proportion was calculated as a percent from total Group fleet according to fleet location to the date, when impairment test was performed. By using the same fleet proportion all Group's liabilities for equipment purchase are allocated in impairment calculation. Loss from goodwill impairment is recognized in consolidated statement of comprehensive income. Please, also refer to Note 11.

2. Summary of significant accounting policies (cont.)

(k) Intangible assets (cont.)

Other intangible assets

Other intangible assets primarily comprise capitalized costs of internally developed software. Customer relationships are formed by purchasing a company with customer database. Other intangible assets are measured at historical cost amortized on a straight-line basis over the useful life of the assets. If some events or a change in conditions indicates that the carrying value of an intangible asset may not be recoverable, the value of the respective intangible asset is reviewed for impairment. Impairment loss is recognized if the carrying value of the intangible assets exceeds its recoverable amount.

Development costs of intangible assets

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

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

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

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

Amortisation

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

Trademarks and domains	5 years
Software licenses	3 years

(l) Property, plant and equipment

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

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

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

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

2. Summary of significant accounting policies (cont.)

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

Depreciation is calculated based on the cost of items of property, plant and equipment less their estimated residual values using the straight-line method over their estimated useful lives, and is recognised in comprehensive income. Each part of an item of property, plant and equipment with a cost that is significant in relation to the total costs of the item is depreciated separately. Any gain or loss on disposal of an item of property, plant and equipment is recognised in comprehensive income. Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted, if appropriate, to reflect the Group's management current view on their remaining useful lives in the light of changes in technology, the remaining prospective economic utilization of the assets and their physical condition. Group has fixed assets that are fully amortized and still are in use.

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

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

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

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

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

(n) Borrowings

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

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

(o) Inventories

Inventories are stated at the lower of cost and net realizable value.
Costs incurred in bringing the inventories to their present location and condition is measured for as follows:
- Consumables and finished goods are measured at cost of purchase applying "first in first out" (FIFO) method;

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

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

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

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

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

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

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

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

(q) Cash and cash equivalents

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

(r) Contingent liabilities and assets

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

(s) Provisions

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

(t) Financial assets and financial liabilities

Financial assets

Recognition, classification and subsequent measurement

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

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

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

The Group classifies its financial assets as financial assets at amortised cost in line with its business model to hold the financial assets and collect the contractual cash flows, which consist only of payments of principal and interest on the outstanding principal amount. The assets in the statement of financial position that belong to this category are Trade receivables and Other receivables. These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Foreign exchange gains and losses and impairment are recognised in consolidated statement of comprehensive income. Any gain or loss on derecognition is recognised in consolidated statement of comprehensive income.

2. Summary of significant accounting policies (cont.)

(t) Financial assets and financial liabilities

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

Impairment of financial assets

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

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

Factoring

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

Financial liabilities

Recognition, classification and subsequent measurement

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

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

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

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

Offsetting

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

(u) Leases

The Group as lessor

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

2. Summary of significant accounting policies (cont.)

(u) Leases (cont.)

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

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

The Group as lessee

The Group assesses whether a contract is or contains a lease, at inception of the contract. The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets (such as tablets and personal computers, small items of office furniture and telephones). For these leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

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

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

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

The lease liability is presented as a separate line in the statement of financial position. Group lease payments are based on concluded financial lease agreements with fixed lease payment schedule.

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

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

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

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

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

2. Summary of significant accounting policies (cont.)

(v) Related party transaction

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

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

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

(w) Post balance sheet events

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

3. Net revenue and operating segments

Net revenue by products and services	01.01.2022-30.06.2022 EUR	01.01.2021-30.06.2021 EUR
Rental revenue – own equipment	3 171 890	3 976 212
Rental revenue – sub-lease of right-of-use assets (see also Note 13)	2 081 835	2 577 461
Rental revenue – equipment under split rent arrangements (see also Note 13)	9 700 102	7 749 797
TOTAL Rental income:	**14 953 827**	**14 303 470**
Transport and related services revenue	4 570 441	4 455 613
Revenue from sale of inventories	416 536	355 385
Cash discounts to customers	(23 819)	(22 792)
TOTAL Revenue from contracts with customers:	**4 963 158**	**4 788 206**
TOTAL:	**19 916 985**	**19 091 676**

Operating segments

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

Net revenue per geographical location	01.01.2022-30.06.2022 EUR	01.01.2021-30.06.2021 EUR
Latvia	6 570 993	6 253 618
Lithuania	4 984 013	4 703 788
Estonia	2 072 627	1 939 452
TOTAL Baltic (Latvia, Estonia and Lithuania):	**13 627 633**	**12 896 858**
Finland	4 771 339	4 875 785
Sweden	1 195 341	1 091 483
TOTAL Nordic (Finland and Sweden):	**5 966 680**	**5 967 268**
Russia, Kaliningrad	322 672	227 550
TOTAL:	**19 916 985**	**19 091 676**

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

Operating result per geographical location	01.01.2022-30.06.2022 EUR	01.01.2021-30.06.2021 EUR
Baltic (Latvia, Estonia and Lithuania)	240 491	153 279
Nordic (Finland and Sweden)	(905 614)	(1 539 379)
Russia, Kaliningrad	169 473	37 220
Elimination of inter-segment operating result	(55 119)	(20 623)
Finance income	2 271	137 189
Finance expenses	(1 110 742)	(1 310 635)
Consolidated profit/(loss) before tax:	**(1 659 240)**	**(2 542 949)**

3. Net revenue and operating segments (cont.)

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

Property, plant and equipment and right of use assets per geographical location, net book value	**30.06.2022 EUR**	**31.12.2021 EUR**	**30.06.2021 EUR**
Finland	7 062 162	8 877 339	3 697 797
Sweden	1 735 266	1 878 538	2 702 339
TOTAL Nordic (Finland and Sweden):	**8 797 428**	**10 755 877**	**6 400 136**
Latvia	5 201 722	6 716 476	10 535 935
Lithuania	2 586 122	3 599 576	6 081 589
Estonia	1 188 843	2 137 333	3 527 907
TOTAL Baltic (Latvia, Estonia and Lithuania):	**8 976 687**	**12 453 385**	**20 145 431**
Russia, Kaliningrad	126 265	151 046	170 982
TOTAL:	**17 900 380**	**23 360 308**	**26 716 549**

Intangible assets (including goodwill) and right of use assets per geographical location, net book value	**30.06.2022 EUR**	**31.12.2021 EUR**	**30.06.2021 EUR**
Finland	1 816 990	1 829 525	1 300 416
Sweden	195 400	163 575	203 641
TOTAL Nordic (Finland and Sweden):	**2 012 390**	**1 993 100**	**1 504 057**
Latvia	1 303 843	1 350 511	1 549 698
Lithuania	8 936 844	8 958 003	9 101 322
Estonia	643 298	695 464	774 265
TOTAL Baltic (Latvia, Estonia and Lithuania):	**10 883 985**	**11 003 978**	**11 425 285**
Russia, Kaliningrad	426 010	379 673	389 391
TOTAL:	**13 322 385**	**13 376 751**	**13 318 733**
TOTAL NON-CURRENT NON-FINANCIAL ASSETS:	**31 222 765**	**36 737 059**	**40 035 282**

4. Other operating income

By type	**01.01.2022-30.06.2022 EUR**	**01.01.2021-30.06.2021 EUR**
Insurance reimbursements received	104 050	131 647
Cost reimbursement	114 575	31 944
Recognized deferred income (see also Note 27)	14 952	35 125
Other income	5 268	3 801
Gain on sale of property, plant and equipment used for renting, net	995 137	388 726
TOTAL:	**1 233 982**	**591 243**

5. Cost of material and services

a) Cost of raw materials and ancillary materials

	01.01.2022-30.06.2022 EUR	01.01.2020-30.06.2020 EUR
Cost of materials	297 183	271 968
Renting equipment adjustments as a result of stock counts	40 392	1 037
TOTAL:	**337 575**	**273 005**

b) Other external costs

	01.01.2022-30.06.2022 EUR	01.01.2021-30.06.2021 EUR
Equipment rent related costs	6 996 267	5 473 864
Transport and assembly services	2 819 091	3 029 662
Repairs and maintenance services	1 621 629	1 471 930
TOTAL:	**11 436 987**	**9 975 456**
TOTAL:	**11 774 562**	**10 248 461**

6. Other operating expenses

	01.01.2022-30.06.2022 EUR	01.01.2021-30.06.2021 EUR
Rent of offices and areas and maintenance costs	1 218 333	1 160 229
IT expenses	409 135	478 821
Administration transport costs	262 384	222 520
Other administrative expenses	202 414	240 895
Remuneration to contractors	152 577	176 656
Legal services	147 331	54 163
Insurance costs	132 749	123 616
Marketing expenses	108 863	119 659
Communication expenses	58 348	69 214
Consulting and other services	53 807	51 648
Written-off doubtful debts	81 352	25 160
TOTAL:	**2 827 293**	**2 722 581**

7. Depreciation and amortization

	01.01.2022-30.06.2022 EUR	01.01.2020-30.06.2020 EUR
Depreciation of property, plant and equipment used for renting	718 105	1 069 711
Depreciation of property, plant and equipment used for own needs	160 943	172 758
Rights of use assets amortization	1 444 385	1 895 005
Amortization of intangible assets	436 922	487 430
TOTAL:	**2 760 355**	**3 624 904**

8. Finance income

	01.01.2022-30.06.2022 EUR	01.01.2021-30.06.2021 EUR
Other financial income*	-	104 733
Foreign exchange income	-	31 065
Interest income calculated using the effective interest method	2 271	1 391
TOTAL:	**2 271**	**137 189**

*One of the Group entities has received governance support under the program of governance support on Covid-19 pandemic. Entity has fulfilled all the conditions for the use of this support and recognized received amount in Other financial income.

9. Finance expenses

	01.01.2022-30.06.2022 EUR	01.01.2021-30.06.2021 EUR
Interest on borrowings* calculated using the effective interest method	504 691	589 067
Interest on leases	279 579	418 623
Interest on bonds* calculated using the effective interest method	242 471	291 404
Interest on factoring**	4 225	2 293
Foreign exchange losses	61 972	2 631
Other expenses	17 804	6 617
TOTAL:	**1 110 742**	**1 310 635**

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

**In 2014 Group has signed factoring contract with Nordea Bank AB, which improved liquidity of the Group. The management of the Group treats this contract as factoring without rights of regress. In 2022, the maturity of these contracts was been prolonged till 31.03.2023.

10. Personnel expenses

	01.01.2022-30.06.2022 EUR	01.01.2021-30.06.2021 EUR
Salaries	3 293 491	3 226 782
State social security mandatory contributions	827 605	908 630
Other personnel costs	159 486	273 269
TOTAL:	**4 280 582**	**4 408 681**

11. Intangible assets

	Licenses and similar rights	Other intangible assets	Intangible assets in process	Goodwill	TOTAL
	EUR	EUR	EUR	EUR	EUR
At 31 December 2020					
Historical cost	505 339	4 594 335	418 813	11 316 707	16 835 194
Accumulated amortisation	(453 180)	(3 167 639)	-	-	(3 620 819)
Net carrying value	**52 159**	**1 426 696**	**418 813**	**11 316 707**	**13 214 375**
01.01.2021-30.06.2021					
Net carrying value, opening	52 159	1 426 696	418 813	11 316 707	13 214 375
Additions	937	115 507	438 555	-	554 999
Amortisation	(16 782)	(470 648)	-	-	(487 430)
Net carrying value, closing	36 314	1 071 555	857 368	11 316 707	13 281 944
At 30 June 2021					
Historical cost	506 276	4 709 842	857 368	11 316 707	17 390 193
Accumulated amortisation	(469 962)	(3 638 287)	-	-	(4 108 249)
Net carrying value	**36 314**	**1 071 555**	**857 368**	**11 316 707**	**13 281 944**
At 31 December 2021					
Historical cost	506 276	5 053 794	985 288	11 316 707	17 862 065
Accumulated amortisation	(485 460)	(4 023 659)	-	-	(4 509 119)
Net carrying value	**20 816**	**1 030 135**	**985 288**	**11 316 707**	**13 352 946**
01.01.2022-30.06.2022					
Net carrying value, opening	20 816	1 030 135	985 288	11 316 707	13 352 946
Additions	-	157 030	237 575	-	394 605
Transferred from ROU at the end of the lease (book value)	23 805	-	-	-	23 805
Write-off	-	(1 229)	-	-	(1 229)
Amortisation	(22 136)	(414 786)	-	-	(436 922)
Net carrying value, closing	22 485	771 150	1 222 863	11 316 707	13 333 205
At 30 June 2022					
Historical cost	530 081	5 209 595	1 222 863	11 316 707	18 279 246
Accumulated amortisation	(507 596)	(4 438 445)	-	-	(4 946 041)
Net carrying value	**22 485**	**771 150**	**1 222 863**	**11 316 707**	**13 333 205**

All intangible assets are used by the Group.

Goodwill by CGU	**30.06.2022 EUR**	**30.06.2021 EUR**
Storent SIA	811 727	680 035
Storent UAB	8 644 464	8 742 675
Storent OU	508 994	542 475
Storent Oy	1 021 937	1 021 937
Storent OOO	329 585	329 585
	11 316 707	**11 316 707**

11. Intangible assets (cont.)

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

30.06.2022	Storent SIA	Storent UAB	Storent OU	Storent Oy	Storent AB	Storent OOO
EBITDA margin	16%-18% in years 2022-2025, 15% in terminal year (2021 actual: 16%)	10%-18% in years 2022-2025, 8% in terminal year (2021 actual: 16%)	10%-18% in years 2022-2025, 1% in terminal year (2021 actual: -8%)	15%-18% in years 2022-2025, 19% in terminal year (2021 actual: 14%)	14%-16% in years 2022-2025, 8% in terminal year (2021 actual: 8%)	37%-40% in years 2022-2025, 47% in terminal year (2021 actual: 51%)
EBITDA growth rate	2%	4%	9%	2%	5%	1%
Period of cash flows forecast	5 years + terminal year	5 years + terminal year	5 years + terminal year	5 years + terminal year	5 years + terminal year	5 years + terminal year
WACC	10,31%	10,31%	10,31%	10,31%	10,31%	10,31%
Terminal growth rate	0,58%	0,58%	0,58%	0,58%	0,58%	0,58%

31.12.2021	Storent SIA	Storent UAB	Storent OU	Storent Oy	Storent AB	Storent OOO
EBITDA margin	16%-18% in years 2022-2026, 16% in terminal year (2021 actual: 16%)	9%-18% in years 2022-2026, 9% in terminal year (2021 actual: 16%)	1%-18% in years 2022-2026, 1% in terminal year (2021 actual: -8%)	15%-18% in years 2022-2026, 15% in terminal year (2021 actual: -14%)	14%-16% in years 2022-2026, 14% in terminal year (2021 actual: -8%)	48%-40% in years 2022-2026, 48% in terminal year (2021 actual: -51%)
EBITDA growth rate	2%	9%	18%	3%	2%	-8%
Period of cash flows forecast	5 years + terminal year	5 years + terminal year	5 years + terminal year	5 years + terminal year	5 years + terminal year	5 years + terminal year
WACC	10,24%	10,24%	10,24%	10,24%	10,24%	10,24%
Terminal growth rate	0,59%	0,59%	0,59%	0,59%	0,59%	0,59%

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

The recoverable value of goodwill and other non-current non-financial assets significantly depends on the assumptions used in the assessment of recoverable value with respect to EBITDA margin and EBITDA growth rate and the Group management's ability to realize those assumptions, as well the overall development of Baltic and Nordic construction market. Any adverse changes to these assumptions caused by volatility of the market the Group operates in, may negatively influence the recoverable value of goodwill and other non-current non-financial assets recognized on the Group's balance sheet as of 30 June 2022. Please refer further to Notes 34 and 35.

11. Intangible assets (cont.)

Sensitivity analysis

The Group has conducted an analysis of the sensitivity of the impairment test to changes in the key assumptions used to determine the recoverable amount for each of the CGUs to which goodwill is allocated. Analysis of the sensitivity is based on same assumptions as impairment test and as described above. Main key assumptions, that can affect recoverable amount and impairment change is EBITDA budget execution and discount rate.

The key assumptions that may affect the recoverable value and, thus, the carrying amount of the cash-generating units are the fulfilment of the EBITDA budget and the weighted average cost of capital. The table below shows the impact of the change in these two assumptions on the value headroom/(impairment) of the cash-generating unit.

	Weighted average cost of capital 10.31% (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 9.31%**	**Weighted average cost of capital 11.31%**	**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	18,65	15,00	22,26	18,10	22,61	15,65	27,86	18,18
Storent UAB	8,00	5,69	10,45	7,82	10,55	6,06	14,07	7,82
Storent OU	-0,59	-2,01	1,09	-0,38	1,14	-1,90	2,87	-0,25
Storent AB	-0,33	-0,78	-0,14	-0,60	0,09	-0,65	0,29	-0,47
Storent Oy	2,16	-0,07	2,28	0,03	4,39	0,47	4,56	0,55
Storent OOO	1,13	0,88	1,54	1,28	1,33	0,98	1,75	1,38
TOTAL:	**29,02**	**18,71**	**37,48**	**26,25**	**40,11**	**20,61**	**51,40**	**27,21**

12. Machinery and equipment

	Land and buildings EUR	Plant and equipment EUR	Other fixed assets EUR	TOTAL EUR
at 31 December 2020				
Historical cost	302 978	34 345 305	3 714 941	38 363 224
Accumulated depreciation	(83 853)	(23 940 661)	(3 048 699)	(27 073 213)
Net carrying value	**219 125**	**10 404 644**	**666 242**	**11 290 011**
01.01.2021-30.06.2021				
Net carrying value, opening	219 125	10 404 644	666 242	11 290 011
Additions	-	563 209	36 473	599 682
Transferred from ROU at the end of the lease (book value)	-	494 459	26 589	521 048
Disposals, net	-	(2 465 969)	(31 738)	(2 497 707)
Depreciation	(7 528)	(1 069 711)	(165 230)	(1 242 469)
Net carrying value, closing	211 597	7 926 632	532 336	8 670 565
at 30 June 2021				
Historical cost	302 978	32 937 004	3 746 265	36 986 247
Accumulated depreciation	(91 381)	(25 010 372)	(3 213 929)	(28 315 682)
Net carrying value	**211 597**	**7 926 632**	**532 336**	**8 670 565**
at 31 December 2021				
Historical cost	302 978	34 000 802	3 813 550	38 117 330
Accumulated depreciation	(98 908)	(24 618 639)	(3 443 964)	(28 161 511)
Net carrying value	**204 070**	**9 382 163**	**369 586**	**9 955 819**
01.01.2022-30.06.2022				
Net carrying value, opening	204 070	9 382 163	369 586	9 955 819
Additions	-	764 438	86 966	851 404
Transferred from ROU at the end of the lease (book value)	-	-	146 693	146 693
Disposals, net	-	(4 192 645)	(70 396)	(4 263 041)
Depreciation	(7 528)	(718 105)	(153 415)	(879 048)
Net carrying value, closing	196 542	5 235 851	379 434	5 811 827
at 30 June 2022				
Historical cost	302 978	30 572 595	3 976 813	34 852 386
Accumulated depreciation	(106 436)	(25 336 744)	(3 597 379)	(29 040 559)
Net carrying value	**196 542**	**5 235 851**	**379 434**	**5 811 827**

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

13. Rights of use assets

On 1 January 2019, the Group has transferred to right of use assets all assets that were previously included in property, plant and equipment balance under financial lease arrangements. Such assets are generally related to machinery and equipment.

The Group has entered into a number of premises and cars rent agreements as a lessee under which now IFRS 16 qualify for right of use assets.

	Licenses and similar rights	Land and buildings	Machinery and equipment	Other fixed assets	Total
	EUR	EUR	EUR	EUR	EUR
01.01.2021-30.06.2021	49 774	636 975	21 005 974	621 874	22 314 597
Additions	-	7 525	583 804	51 204	642 533
Transfered at the end of the lease (book value)	-	-	(494 459)	(26 589)	(521 048)
Disposals, net	-	-	(2 438 151)	(20 153)	(2 458 304)
Depreciation	(12 985)	(122 418)	(1 644 272)	(115 330)	(1 895 005)
Net carrying value at 30 June 2021	**36 789**	**522 082**	**17 012 896**	**511 006**	**18 082 773**
01.01.2022-30.06.2022	23 805	407 950	12 447 925	548 614	13 428 294
Additions	-	141 746	-	122 576	264 322
Transfered at the end of the lease (book value)	(23 805)	-	-	(146 693)	(170 498)
Disposals, net	-	-	-	-	-
Depreciation	-	(138 750)	(1 215 754)	(89 881)	(1 444 385)
Net carrying value at 30 June 2022	**-**	**410 946**	**11 232 171**	**434 616**	**12 077 733**

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

For information on incremental borrowing rates applied to lease liabilities, refer to Note 24.

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

Amounts recognized in profit and loss:	**01.01.2022-30.06.2022 EUR**	**01.01.2021-30.06.2021 EUR**
Revenue from sub-lease of rights-of-use assets (see also Note 3)	2 081 835	2 577 461
Revenue from sub-lease of assets, for which lease liabilities are not recognized (see also Note 3) *	9 700 102	7 749 797
Expense related to variable lease payments not included in the measurement of the lease liability*	(6 996 267)	(5 473 864)
Depreciation expenses on right-of-use assets	(1 444 385)	(1 895 005)
Interest expense on lease liabilities	(279 579)	(418 623)
Expense relating to short-term leases	(807 277)	(770 679)
TOTAL:	**2 254 429**	**1 769 087**

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

14. Inventories

	30.06.2022 EUR	31.12.2021 EUR	30.06.2021 EUR
Goods for resale (at cost)	520 755	548 301	564 953
Consumables (at cost)	599 810	602 569	594 839
TOTAL:	**1 120 565**	**1 150 870**	**1 159 792**

15. Assets held for sale

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

Reclassification of statement of financial positions	30.06.2022 EUR	31.12.2021 EUR
Property, plant and equipment	23 241	344 995
Rights of use assets	-	61 601
Non-current assets classified as held for sale	**23 241**	**406 596**
Lease liabilities (see Note 24)	-	23 039
Liabilities directly associated with non-current assets classified as held for sale	**-**	**23 039**

16. Trade receivables

	30.06.2022 EUR	31.12.2021 EUR	30.06.2021 EUR
Trade receivables	11 692 331	8 188 384	12 230 864
Allowance for doubtful debts (individual)	(2 297 977)	(2 259 455)	(2 355 896)
TOTAL:	**9 394 354**	**5 928 929**	**9 874 968**

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

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The Group's management has established a credit policy under which each new customer is analysed individually for creditworthiness before the Group's standard payment and delivery terms and conditions are offered. The Group's review includes external ratings, if they are available, financial statements, credit agency information and industry information. Sale limits are established for each customer and reviewed yearly. Any sales exceeding those limits require approval from the entity management or Group management. Monitoring customer credit risk is going on daily basis. Monitoring includes actual information from credit agency and review past due trade payables by each entity debt controllers. Please also see Note 32.

Trade receivables are not secured or collaterized.

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

16. Trade receivables (cont.)

Changes in the allowance for doubtful debts (Individually assessed)	30.06.2022 EUR	31.12.2021 EUR	30.06.2021 EUR
At the beginning of the year	**2 259 455**	**2 307 188**	**2 307 188**
Increase	119 874	403 779	73 868
Written-off	(81 352)	(451 512)	(25 160)
TOTAL:	**2 297 977**	**2 259 455**	**2 355 896**

The Group's gross trade receivables as at 30 June 2022 have increased compared to 31 December 2021 mainly due to significant PPE disposal transactions near the end of the reporting period, which are considered not past due. During 2022 there has been no significant increase in overdue amounts, including in credit-impaired balances. For details on overdue receivables by ageing category see Note 32.

17. Contract assets and contract liabilities

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

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

Contracts balances	30.06.2022 EUR	31.12.2021 EUR	30.06.2021 EUR
Receivables, which are included in 'Trade receivables'	11 692 331	8 188 384	12 230 864
Contract assets	3 429	4 192	6 976
TOTAL:	**11 695 760**	**8 192 576**	**12 237 840**

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

Contracts balances	30.06.2022 EUR	31.12.2021 EUR	30.06.2021 EUR
Contract liabilities – loyalty program	(89 113)	(131 408)	(360 589)
Contract liabilities – advances from customers	(268 484)	(272 937)	(246 521)
TOTAL:	**(357 597)**	**(404 345)**	**(607 110)**

Changes in contract liabilities:	30.06.2022 EUR	31.12.2021 EUR	30.06.2021 EUR
At the beginning of the year	**(404 345)**	**(552 477)**	**(552 477)**
Revenue recognized from amounts included in contract liabilities at the beginning of the period	404 345	552 477	552 477
Revenue deferred during the period	(357 597)	(404 345)	(607 110)
TOTAL:	**(357 597)**	**(404 345)**	**(607 110)**

18. Other receivables

	30.06.2022 EUR	31.12.2021 EUR	30.06.2021 EUR
Guarantee deposit	454 059	162 930	163 047
Refundable value-added tax	89 357	26 813	35 950
Advances made to suppliers	55 504	39 961	30 098
Advances made to employees	2 843	2 809	171
TOTAL:	**601 763**	**232 513**	**229 266**

19. Prepaid expenses

	30.06.2022 EUR	31.12.2021 EUR	30.06.2021 EUR
Other deferred expenses	171 369	119 628	207 408
Total:	**171 369**	**119 628**	**207 408**

20. Cash and cash equivalents

	30.06.2022 EUR	31.12.2021 EUR	30.06.2021 EUR
Cash in bank and cash, EUR	455 865	590 279	1 304 135
Cash in bank and cash, RUB	101 891	268 740	108 735
Cash in bank and cash, SEK	103 469	61 248	59 290
TOTAL:	**661 225**	**920 267**	**1 472 160**

21. Share capital of the Parent company

In 2017 share capital was increased by EUR 26 173 420 and the registered share capital of the Group's Parent company on 30.06.2022 and 31.12.2021 is EUR 33 316 278, divided into 33 316 278 shares. The nominal value of a share is EUR 1. All shares have equal voting right and dividend entitlement.

Parent company's shareholders as of 31 December 2021:

Shareholder	Numbers of shares	Amount EUR	Participating interest (%)
Levina Investments S.A.R.L. (Luxembourg)	24 320 882	24 320 882	73%
"Bomaria" SIA	4 497 698	4 497 698	13.5%
"Supremo" SIA	4 497 698	4 497 698	13.5%
TOTAL:	**33 316 278**	**33 316 278**	**100%**

Parent company's shareholders as of 30 June 2022:

Shareholder	Numbers of shares	Amount EUR	Participating interest (%)
Levina Investments S.A.R.L. (Luxembourg)	24 320 882	24 320 882	73%
"Bomaria" SIA	4 497 698	4 497 698	13.5%
"Supremo" SIA	4 497 698	4 497 698	13.5%
TOTAL:	**33 316 278**	**33 316 278**	**100%**

22. Provisions

	30.06.2022 EUR	31.12.2021 EUR	30.06.2021 EUR
Provisions for employee bonuses	61 667	121 518	53 176
Provisions for expenses	15 067	17 385	-
Total:	**76 734**	**138 903**	**53 176**

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

22. Provisions (cont.)

Changes in the provisions:	30.06.2022 EUR	31.12.2021 EUR	30.06.2021 EUR
At the beginning of the year	**138 903**	**116 919**	**116 919**
Provisions made	58 586	405 354	162 673
Provision used	(120 755)	(383 370)	(226 416)
TOTAL:	**76 734**	**138 903**	**53 176**

23. Issued bonds

In 2017, the Group issued bonds with maturity date 30.06.2021 and coupon interest rate 8%, nominal value of one bond is 100 eur, total nominal value was 10 000 000 eur. As at 31 December 2020, the Group has settled bonds of this issue for total amount 5 950 000 eur. As at 30 June 2021, the Company has fully settled the remaining outstanding bonds of this issue. Bonds were listed on the official bond list of AS “Nasdaq Riga.”

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

Issued bonds	Emission date	Maturity date	Amount	Actual interest rate (%)	30.06.2022 EUR	31.12.2021 EUR	30.06.2021 EUR
ISIN code LV0000802411	19.03.2020	19.10.2023	15 000 000	8	4 870 500	4 870 500	4 870 500
Accrued interest for bonds coupon payment (LV0000802411)					78 378	78 378	78 378
Incremental cost allocation emission LV0000802411 *					(80 228)	(110 313)	(140 398)
				TOTAL:	**4 868 650**	**4 838 565**	**4 808 480**
				Total Non-current liabilities:	4 790 272	-	4 730 102
				Total Current liabilities:	78 378	4 838 565	78 378

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

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

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

23. **Issued bonds** (cont.)

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

	30.06.2022 EUR	30.06.2021 EUR
Balance at the beginning of the reporting period	**4 838 565**	**7 446 468**
Proceeds from bonds	-	-
Repayment bonds	-	(2 621 397)
Total changes from financing cash flows	**4 838 565**	**(2 621 397)**
Incremental cost allocation amortization	-	(34 659)
Proceeds from bond repurchases below nominal value	-	(4 403)
Interest expense	242 471	262 792
Interest paid	(212 386)	(240 321)
Total liability-related other changes	**30 085**	**(16 591)**
Balance at the end of the reporting period	**4 868 650**	**4 808 480**

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 and total loans from the Issuer’s shareholders 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) loans from the Issuer's shareholders and – (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.

Transactions with bonds in 2022

<u>Emission with ISIN code LV0000802411</u>

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

24. Lease liabilities

By asset type	Maturity	*Actual interest rate, (%)*	30.06.2022 EUR	31.12.2021 EUR	30.06.2021 EUR	Balance sheet value of leased assets on 30.06.2022 EUR
Leasing companies (various asset types)	Various (2022 - 2026)	1.8-5.5% +3 MEURIBOR	8 566 562	10 653 575	13 231 563	23 430 020
Redemption contracts (various asset types)	31.10.2022	1.5%	21 020	71 934	177 872	93 080
Supplier funding (various asset types)	31.01.2024	2%-8,67%	394 382	497 309	1 086 199	757 492
Premise's rent	31.03.2024	10.3%	627 568	638 885	576 559	1 204 707
Car rent	Various (2022-2027)	10.3%	77 003	32 493	220 265	1 005 933
IT software	2022	10.3%	-	28 554	28 553	-
Liabilities directly associated with assets held for sale	2022	2%-8.67%	-	23 039	-	-
		Total:	**9 686 535**	**11 945 789**	**15 321 011**	**26 491 232**
	Total Non-current liabilities:		5 045 639	6 789 551	9 506 413	
	Total Current liabilities:		4 640 896	5 156 238	5 814 598	

The maturity of lease liabilities disclosed in Note 32.

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

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

	30.06.2022 EUR	30.06.2021 EUR
Balance at the beginning of the reporting period	**11 945 789**	**17 370 377**
Repayment of lease liabilities	(2 523 579)	(2 642 448)
Total changes from financing cash flows	**(2 523 579)**	**(2 642 448)**
New leases	264 325	593 082
Interest expenses accrued	279 579	418 623
Interest paid	(279 579)	(418 623)
Total liability-related other changes	**264 325**	**593 082**
Balance at the end of the reporting period	**9 686 535**	**15 321 011**

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

	01.01.2022-30.06.2022 EUR	01.01.2021-30.06.2021 EUR
Repayment of lease liabilities	2 523 579	2 642 448
Interest paid	279 579	418 623
Expenses relating to short-term leases	807 277	770 679
TOTAL:	**3 610 435**	**3 831 750**

25. Other borrowings

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

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

	Maturity	Amount EUR	Actual interest rate (%)	30.06.2022 EUR	31.12.2021 EUR	30.06.2021 EUR
Haulotte Group SA	01.10.2021	4 957 370	2.49	-	-	507 741
Haulotte Group SA	01.09.2022	1 003 836	3.94	50 274	151 065	251 802
Haulotte Group SA	01.09.2022	1 994 007	3.94	106 277	318 798	531 387
Haulotte Group SA	01.09.2021	1 006 969	4	-	-	67 355
Haulotte Group SA	15.09.2022	1 004 278	4	67 175	201 525	335 912
Haulotte Group SA	01.08.2024	2 009 115	2.8	908 462	1 110 362	1 312 121
Yanmar Construction Equipment Europe S.A.S	01.09.2021	995 703	4	-	-	66 609
Yanmar Construction Equipment Europe S.A.S	15.09.2022	1 075 956	4	71 977	215 909	359 888
Yanmar Construction Equipment Europe S.A.S	05.08.2024	803 768	2.8	363 440	444 204	524 928
SA Manitou BF	03.08.2024	1 403 000	2.8	754 099	905 126	1 055 736
Incremental cost allocation		(1 058 151)		(41 878)	(76 259)	(133 370)
			Total:	**2 279 826**	**3 270 730**	**4 880 109**
			Total Non-current liabilities:	1 108 551	1 504 527	2 172 567
			Total Current liabilities:	1 171 275	1 766 203	2 707 542

Total loans origination fees and costs amounted to EUR 1 058 151. The Group treated these fees and costs as incremental costs related to attracted finance. These fees and costs are on integral part of the effective interest rate of the loans and are treated as an adjustment to the effective interest rate.

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

	30.06.2022 EUR	30.06.2021 EUR
Balance at the beginning of the reporting period	**3 270 730**	**6 436 419**
Repayment of other borrowings	(1 019 948)	(1 633 640)
Total changes from financing cash flows	**(1 019 948)**	**(1 633 640)**
Incremental cost allocation amortization	34 381	85 052
Interest expense	42 944	93 373
Interest paid	(48 281)	(101 095)
Total liability-related other changes	**29 044**	**77 330**
Balance at the end of the reporting period	**2 279 826**	**4 880 109**

25. Other borrowings (cont.)

Changes in the incremental cost allocation:

	30.06.2022 EUR	31.12.2021 EUR	30.06.2021 EUR
At the beginning of the year	**76 259**	**218 398**	**218 398**
Incremental cost increase	-	-	-
Written off as adjustment to effective interest rate	(34 381)	(142 139)	(85 028)
TOTAL:	**41 878**	**76 259**	**133 370**

26. Tax and national mandatory social insurance contributions

	30.06.2022 EUR	31.12.2021 EUR	30.06.2021 EUR
Personal income tax	168 234	152 732	183 448
State social security mandatory contributions	220 715	169 326	225 989
Value added tax	1 073 402	597 654	1 186 197
Risk duty	3 385	3 448	3 009
TOTAL:	**1 465 736**	**923 160**	**1 598 643**

Liabilities for value added tax have mainly due to significant PPE disposal transactions near the end of the reporting period, which are considered not past due. The Group's management emphasizes that no Group company has tax debts, all liabilities are covered in accordance with certain deadlines.

27. Deferred income

	30.06.2022 EUR	31.12.2021 EUR	30.06.2021 EUR
Gain on sale-and-leaseback transactions	64 491	79 443	101 425
Total:	**64 491**	**79 443**	**101 425**

Sale-and-leaseback transactions

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

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

Changes in the deferred income:	30.06.2022 EUR	31.12.2021 EUR	30.06.2021 EUR
At the beginning of the year	**79 443**	**136 550**	**136 550**
Amortised and included in income of reporting year (See Note 4)	(14 952)	(57 107)	(35 125)
TOTAL:	**64 491**	**79 443**	**101 425**

28. Other liabilities

	30.06.2022 EUR	31.12.2021 EUR	30.06.2021 EUR
Salaries	373 485	381 482	405 673
Other payables	9 531	7 999	12 023
TOTAL:	**383 016**	**389 481**	**417 696**

29. Accrued liabilities

	30.06.2022 EUR	31.12.2021 EUR	30.06.2021 EUR
Provisions for unused employee vacations	847 930	964 054	934 609
Other accrued liabilities	269 118	268 929	339 719
Accrued liabilities for defined contribution pension insurance	134 113	75 999	99 389
TOTAL:	**1 251 161**	**1 308 982**	**1 373 717**

30. Related party transactions

30. (a) Related party transactions

Related party	Year	Goods and services received EUR	Payables to related companies EUR
Companies that have control over the Group's activities:			
Levina Investments S.A.R.L	30.06.2021	-	(5 919 906)
	31.12.2021	-	(6 023 340)
	30.06.2022	-	(6 350 706)
Companies with significant influence over the Group's activities:			
Supremo SIA	30.06.2021	(8 533)	(334 114)
	31.12.2021	(18 000)	-
	30.06.2022	(9 000)	-
Bomaria SIA	30.06.2021	(8 533)	(334 114)
	31.12.2021	(18 000)	-
	30.06.2022	(9 000)	-
The companies controlled by the Group's officers or their relatives: *			
Meistari ZS	30.06.2021	(2 188)	(406)
	31.12.2021	(5 789)	(406)
	30.06.2022	(2 293)	(406)
	Total 30.06.2021:	**(19 254)**	**(6 588 540)**
	Total 31.12.2021:	**(41 789)**	**(6 023 746)**
	Total 30.06.2022:	**(20 293)**	**(6 351 112)**

* Payables to the companies controlled by the Group's related parties or their relatives are included in the balance sheet item Trade payables, in the amount of EUR 406 at 30 June 2022 (at 30 June 2021: EUR 406).

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

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

30. (c) Borrowings from related companies

	Maturity	Interest rate %	30.06.2022 EUR	31.12.2021 EUR	30.06.2020 EUR
Levina Investments S.A.R.L.	31.12.2023.	14	6 350 706	6 123 340	5 919 906
Bomaria LTD	17.10.2021.	6	-	-	334 114
Supremo LTD	17.10.2021.	6	-	-	334 114
	Total Non-current liabilities:		**6 350 706**	**-**	**5 919 906**
	Total current liabilities:		**-**	**6 123 340**	**668 228**

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

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

	30.06.2022 EUR	30.06.2021 EUR
Balance at the beginning of the reporting period	**6 123 340**	**6 275 219**
Proceeds from borrowings from related companies	-	-
Repayment of the borrowings from related companies	-	-
Total changes from financing cash flows	**-**	**-**
Interest expense	427 366	412 915
Interest paid	(200 000)	(100 000)
Total liability-related other changes	**227 366**	**312 915**
Balance at the end of the reporting period	**6 350 706**	**6 588 134**

31. Financial instruments

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

Categories of financial assets and liabilities

	As at 30.06.2022		**As at 31.12.2021**		**As at 30.06.2021**	
Financial assets	**Carrying amount**	**Fair value**	**Carrying amount**	**Fair value**	**Carrying amount**	**Fair value**
Loans and receivables held at amortised cost						
- Trade receivables	9 394 354	9 394 354	5 928 929	5 928 929	9 874 968	9 874 968
- Other receivables	601 763	601 763	232 613	232 613	229 266	229 266
- Cash and cash equivalents	661 225	661 225	920 267	920 267	1 472 160	1 472 160
TOTAL financial assets:	**10 657 342**	**10 657 342**	**7 081 809**	**7 081 809**	**11 576 394**	**11 576 394**

	As at 30.06.2022		**As at 31.12.2021**		**As at 30.06.2021**	
Financial liabilities	**Carrying amount**	**Fair value**	**Carrying amount**	**Fair value**	**Carrying amount**	**Fair value**
Financial liabilities held at amortized cost						
- Issued bonds	4 868 650	4 905 977	4 838 565	4 875 661	4 808 480	4 823 386
- Loans from related companies	6 350 706	6 350 706	6 123 340	6 123 340	6 588 134	6 588 134
- Lease liabilities	9 686 535	9 686 535	11 945 789	11 945 789	15 321 011	15 321 011
- Other borrowings	2 279 826	2 279 826	3 270 730	3 270 730	4 880 109	4 880 109
- Trade payables	5 965 048	5 965 048	3 945 995	3 945 995	4 245 761	4 245 761
- Other payables	1 465 736	1 465 736	1 734 458	1 734 458	2 623 448	2 623 448
TOTAL financial liabilities:	**30 616 501**	**30 653 828**	**31 858 877**	**31 895 973**	**38 466 943**	**38 481 849**

32. Financial risk management

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

— Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

— Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).

— Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

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

Fair value of Trade receivables and Other receivables with no stated interest rate and cash and cash equivalents is deemed to approximate their face value on initial recognition and carrying value on any subsequent date as the effect of discounting is immaterial and therefore not disclosed in these financial statements.

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

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

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

All of the Group's financial assets and financial liabilities are determined to be Level 3 in the fair value hierarchy.

There were no transfers between fair value hierarchy levels in 2022 and in 2021.

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

Credit risk

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

In terms of receivables as at 30 June 2022 and 31 December 2021 the Group did not have a significant credit risk concentration in respect of a single transaction partner or a group of partners of similar transactions.

The Group manages credit risk by independently assessing counterparty credit history and defining acceptable credit limit. The Group regularly monitors the overdue trade receivables. Trade receivables have a carrying amount which is reduced by loss allowances for bad and doubtful trade receivables (see Note 16).

The maximum credit risk exposure at 30 June 2022 was EUR 10 657 342 (30.06.2021: EUR 11 576 394).

32. Financial risk management (cont.)

At 30 June 2022 and 30 June 2021, the exposure to credit risk for trade receivables by geographic region was as follows:

	Carrying amount		
EUR	30.06.2022	31.12.2021	30.06.2021
Baltics	7 873 964	4 845 944	7 942 563
Nordics	1 479 215	1 054 320	1 906 606
Other	41 175	28 665	25 799
	9 394 354	**5 928 929**	**9 874 968**

30.06.2022 **EUR**	**Weighted-average loss rate**	**Gross carrying amount**	**Loss allowance**	**Creditimpaired**
Current (not past due)	0.1%	8 450 905	10 171	No
1–30 days past due	3.4%	516 382	17 498	No
31–60 days past due	8.9%	276 831	24 545	No
61–90 days past due	36.5%	92 604	33 791	No
More than 90 days past due	93.9%	2 355 609	2 211 972	Yes
		11 692 331	**2 297 977**	**-**

30.06.2021 **EUR**	**Weighted-average loss rate**	**Gross carrying amount**	**Loss allowance**	**Creditimpaired**
Current (not past due)	0.2%	8 667 763	17 644	No
1–30 days past due	2.1%	828 410	17 799	No
31–60 days past due	21.4%	244 594	52 312	No
61–90 days past due	26.3%	164 809	43 378	No
More than 90 days past due	95.7%	2 325 288	2 224 763	Yes
		12 230 864	**2 355 896**	**-**

32. Financial risk management (cont.)

Liquidity risk

Liquidity risk is the risk that the Group will not be able to timely and in full to ensure fulfilling its own commitments. Liquidity risk arises when terms of payments of financial assets and liabilities are not correlating. The Group's liquidity risk management is to maintain adequate cash and cash equivalent amount and provide sufficient financing in order to be able to fulfil its obligations in time. The Group manages its liquidity risk by maintaining adequate cash and cash equivalents, planning payments of trade payables as well as developing and analysing future cash flows. The budgeting system used by the Group is helpful in the management and control of liquidity risk management.

The Group's management considers that the Group will have sufficient cash resources and its liquidity will not be compromised. At 30 June 2022, the Group's liquidity ratio was 0.76. As at 30 June 2021, the Group's liquidity ratio was 0.72. Please refer to Note 34 for going concern considerations.

At 30 June 2022 and 2021 the maturity of the financial liabilities of the Group, based on undiscounted payments provided for in the agreements can be disclosed as follows:

30.06.2022.	**Contractual cash flows**					**Expected interest payments**	**Carrying amount**
	< 3 months	**3-6 months**	**6-12 months**	**1-5 years**	**Total**	**Total**	**Total**
Loans against bonds	(97 410)	(97 410)	(194 820)	(5 065 320)	**(5 454 960)**	(586 310)	4 868 650
Loans from related companies	-	-	-	(7 520 999)	**(7 520 999)**	(1 170 293)	6 350 706
Lease liabilities	(1 539 556)	(1 538 981)	(1 909 714)	(5 264 040)	**(10 252 291)**	(565 756)	9 686 535
Other borrowings	(607 032)	(148 695)	(451 783)	(1 178 210)	**(2 385 720)**	(105 894)	2 279 826
Trade payables	(5 965 048)	-	-	-	**(5 965 048)**	-	5 965 048
Tax and other payables	(1 465 736)	-	-	-	**(1 465 736)**	-	1 465 736
	(9 674 782)	**(1 785 086)**	**(2 556 317)**	**(19 028 569)**	**(33 044 754)**	**(2 428 253)**	**30 616 501**

30.06.2021.	**Contractual cash flows**					**Expected interest payments**	**Carrying amount**
	< 3 months	**3-6 months**	**6-12 months**	**1-5 years**	**Total**	**Total**	**Total**
Loans against bonds	(97 410)	(97 410)	(194 820)	(5 454 960)	**(5 844 600)**	(1 036 120)	4 808 480
Loans from related companies	(100 000)	(779 826)	(200 000)	(6 818 276)	**(7 898 102)**	(1 309 968)	6 588 134
Lease liabilities	(2 040 466)	(1 879 678)	(2 521 727)	(9 977 301)	**(16 419 172)**	(1 098 161)	15 321 011
Other borrowings	(1 264 045)	(459 281)	(1 068 228)	(2 385 721)	**(5 177 275)**	(297 166)	4 880 109
Trade payables	(4 245 761)	-	-	-	**(4 245 761)**	-	4 245 761
Tax and other payables	(1 991 043)	(174 794)	(173 212)	(284 400)	**(2 623 449)**	-	2 623 449
	(9 738 725)	**(3 390 989)**	**(4 157 987)**	**(24 920 658)**	**(42 208 359)**	**(3 741 415)**	**38 466 944**

Please also see Note 34 describing liquidity management and going concern considerations.

32. Financial risk management (cont.)

Interest rate risk

Interest rate risk is the risk of financial losses incurred by the Group due to adverse fluctuations in interest rates. The Group is exposed to interest rate risk mainly related to its current and non-current lease liabilities, while the interest rates on the Group's other liabilities are fixed and, thus, not subject to interest rate risk. This exposes the Group to the risk that interest expenses will increase in a situation when interest rates go up. The average interest rate on the Group's liabilities is disclosed in Notes 23, 24, 25 and 30 c. The Group doesn't use derivative financial instruments to manage its exposure to interest rate risk.

As the variable part of the interest rate applied to lease liabilities is floored at 0%, the sensitivity of the Group's comprehensive income and equity (as a result of the lease liabilities (see Note 24) with a variable interest rate element of 3M EURIBOR) to a reasonably possible interest rate change of +/- 0.5%, other variables remaining constant, is considered immaterial to the Group's financial performance.

Foreign currency risk

Foreign currency risk is the risk of financial losses incurred by the Group due to adverse fluctuations in foreign currency exchange rates. This risk arises when financial assets denominated in a foreign currency do not match financial liabilities in that currency, which results in open currency positions.

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

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

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

	30 June 2022		31 December 2021		30 June 2021	
	SEK	**RUB**	**SEK**	**RUB**	**SEK**	**RUB**
Trade receivables	398 094	82 507	379 185	87 263	773 943	75 096
Trade payables	(274 533)	(5 839)	(127 388)	(13 828)	(285 649)	(10 475)
Net statement of financial position exposure	**123 561**	**76 668**	**251 797**	**73 435**	**488 294**	**64 621**
Next six months' forecast sales	1 468 207	381 196	1 304 793	286 773	1 518 432	299 050
Next six months' forecast purchases	(1 283 048)	(190 721)	(1 189 041)	(158 320)	(1 330 976)	(174 672)
Net forecast transaction exposure	**185 159**	**190 475**	**115 752**	**128 453**	**187 456**	**124 378**
Net exposure	**308 720**	**267 143**	**367 549**	**201 888**	**675 750**	**188 999**

The following exchange rates have been applied.

	Average rate			Year-end spot rate		
EUR	30.06.2022	2021	30.06.2021	30.06.2022	2021	30.06.2021
SEK 1	0.0954	0.0986	0.0987	0.0932	0.0976	0.0989
RUB 1*	0.0114	0.0115	0.0112	0.0085	0.0117	0.0115

*Taking into account situation with RUB exchange rate (the ECB decided to suspend the publication of the Russian ruble reference rate. The EUR/RUB reference rate was last published by the ECB on March 1, 2022), for the preparation of this interim report, the group used the RUB exchange rate until 01.03.2022.

Sensitivity analysis

A reasonably possible strengthening (weakening) of the euro, Swedish krona, Russian ruble against all other currencies at 30 June would have affected the measurement of financial instruments denominated in a foreign currency and affected equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact of forecast sales and purchases.

	Profit or loss		Equity, net of tax	
Effect in euro	Strengthening	Weakening	Strengthening	Weakening
SEK (10% movement)	18 106	(18 106)	(19 647)	19 647
RUB (30% movement)	6 212	(6 212)	141 065	(141 065)

33. Capital management

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

	30.06.2022 EUR	31.12.2021 EUR	30.06.2021 EUR
Interest bearing loans and borrowings	23 185 717	26 178 424	31 597 732
Trade and other payables	7 430 784	5 680 453	6 869 209
Less cash and cash equivalents	(661 225)	(920 267)	(1 472 160)
Net debt	**29 955 276**	**30 938 610**	**36 994 781**
Equity	10 451 239	12 113 849	12 970 885
Net debt to equity ratio:	**2.87**	**2.55**	**2.85**

34. Going concern of the Group

Group's performance in the reporting period was loss of EUR 1 662 610 (2021 6 months: loss EUR 2 549 142. At the end of the reporting period Group's current liabilities exceeded its current assets by EUR 3 476 321 (30.06.2021: current liabilities exceeded current assets by EUR 4 715 704), as a result of borrowings approaching maturity, which may cast significant doubts on the Group's ability to continue as a going concern.

Management has prepared forecasted financial results and cash flows for 2022 demonstrating the Company's and its subsidiaries' ability to continue as going concern and already started to take steps to address the expected liquidity and profitability shortages, such as:

- Storent Group continues to work on operational efficiency by developing online sales and paper-less rental process.
- In next period, Storent Group plans to increase rental income in all its countries of operation by 3%-4%, reaching the turnover level of 2019 before Covid-19.
- Storent Group continues to work on optimization of the rental equipment fleet by selling old and not-in-demand equipment. Proceeds from equipment sales will be used for debt servicing assuring Group's and the Company's liquidity.
- The Group management has evaluated the current geopolitical situation and its impact on the Group companies and especially the subsidiary entity in Russia, Kaliningrad. At the moment of issue of these financial statements Storent OOO continues to operate without significant changes. Before 24 February 2022, the Russian entity operated quite independently, and the management doesn't see any major risks for further business activities. The Group monitors and follows sanction restrictions and, so far, these don't affect the subsidiaries' activities. Despite the general increase in the market uncertainty, no direct impact on the operations of other Group companies is observed.

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

Management estimates that the construction industry will fully recover after Covid-19 pandemic during 2022, and construction volumes will return to the level of 2019 and start to grow further from 2023. It is expected that Rail Baltica project will give a significant positive impact on the construction industry in the Baltics.

Storent Group will continue an active sales strategy and offer customers to use the online platform, which is simple to use, to achieve the planned turnover and liquidity and profitability indicators. Taking into account the information currently available, the most recent key performance indicators of the Storent Group and the actions taken by management, Storent Group entities expect to continue operations as a going concern. As such, these consolidated financial statements have been prepared on the basis that the Group will continue as a going concern, and do not include any adjustments that might be necessary if the going concern assumption would not be applicable. However, the success of the management actions outlined above is directly dependent on the ability of the Group to increase revenue from operating activities as a result of the expected recovery of the construction industry and significant improvement of the operational efficiency of the Group in a short time frame.

34. Going concern of the Group (cont.)

Management cannot rule out the possibility that the geopolitical situation and possible reinforcement of anti-Covid-19 security measures introduced by governments or the negative impact of such measures on the economic environment in which the Group operates, could adversely affect the Group, its financial position and performance in the medium and long term, including its subsidiaries' recoverable amount (please see Note 11, which describes the significant unobservable inputs used in estimating recoverable amount) and the Group's ability to meet the terms and conditions of the borrowing agreements and payment terms, which presents a material uncertainty in relation to the Group's ability to continue as a going concern. We will continue to monitor the situation closely and take the necessary steps to mitigate to the extent possible the effects of new events and circumstances.

35. Post balance sheet events

Non-adjusting events

In 2022, in order to meet minimal capital requirements according to respective country laws, the Company invested into the share capital of the Finnish subsidiary in total an amount of EUR 720 000 and all investments are used, among others, to settle liabilities towards other Storent Group companies.

During the period between the last day of the reporting period and the date of signing of this consolidated interim report there have been no other events that would have require adjustments or disclosure in the consolidated interim report.