JOINT STOCK COMPANY
“STORENT INVESTMENTS”

(UNIFIED REGISTRATION NUMBER 40103834303)

SEPARATE ANNUAL REPORT FOR YEAR 2020

(the 7th financial year)

PREPARED IN ACCORDANCE WITH THE
INTERNATIONAL FINANCIAL REPORTING STANDARDS
AS ADOPTED BY THE EUROPEAN UNION
AND INDEPENDENT AUDITORS’ REPORT
Riga, 2021

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General information

Name of the company	“STORENT INVESTMENTS”
Legal status	Joint Stock Company
Number, place and date of registration	40103834303 Riga, 7 October 2014
Registered and business address	Matrožu iela 15a Riga, Latvia, LV-1048
Shareholders	Levina Investments S.A.R.L. (Luxembourg) 73% (from 31.01.2017) Bomaria SIA 13.5% (from 01.09.2018) Supremo SIA 13.5% (from 01.09.2018)
Board of the Company	Andris Bisnieks, member of the Board Andris Pavlovs, member of the Board
Council of the Company	Nicholas John Kabcenell, chairman of the Council (from 11.12.2017) Baiba Onkele, member of the Council Dalgin Burak, member of the Council (from 04.04.2019) Michal Lukasz Jozwiak, member of the Council (until 04.04.2019)
Annual report prepared by	Marina Grigore Chief accountant of Storent Investments AS
Type of activity	Supervision and management of subsidiaries; performance of functions of strategic and organizational planning and decision-making.
NACE code	70.10 Activities of head offices (NACE rev. 2.0)
Reporting year	1 January 2020 – 31 December 2020
Previous reporting year	1 January 2019 – 31 December 2019
Name and address of the independent auditor and the responsible sworn auditor	KPMG Baltics AS License Nr. 55 Vesetas 7, Riga, LV-1013, Latvia Armine Movsisjana Latvian sworn auditor Certificate No. 178

Management report

Type of activity of the Company

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

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

The main type of activity of the Company is related to provision of all the companies of the Storent group with financial resources, region differentiated sales strategies and activities, marketing initiatives and support of Storent brand, information technology systems, as well as provision of management services to related companies. In the reporting year, the Company decreased its turnover by 17% reaching 5.6 million euro, which was affected by Covid-19 and also changes in Storent Group's transfer pricing policy. The reporting year closed with a loss of EUR 3 827 388, the main reason for loss was the recognition of impairment of investment in a subsidiary. Storent Investments AS balance sheet has a very strong and steady financing structure consisting of 67% shareholders equity, 15% long term liabilities and 18% short term liabilities. Non-current assets constitute 90% of the total assets. The Company's business peculiarity historically was always having a working capital deficit due to the large amount of liabilities to finance investments, however this has not prevented the Company from meeting its obligations in accordance with their terms. Bank account balance in the amount of 1.9 million euros at the end of the accounting period is sufficient to ensure Storent Investments AS operational activities.

Storent Group's performance in the reporting year was negatively affected by Covid-19 pandemic in all countries. Rental revenues decreased by 12%, and the consolidated turnover decreased by 7% reaching 42,1 million euros. Construction markets in all Baltic and Nordic countries declined by less than 5%, but strong price competition and rental equipment overcapacity in the market led to a further decrease of rental revenue. During the reporting year there were significant changes in the Group's rental fleet structure, with own equipment proportion decreasing from 87% in prior year to 57% in current year.

Baltic region rental operations decreased by 15% with almost identically decreasing trends in all Baltic countries. The Baltic region accounts for approximately 65% of the Group's rental income. In 2020, Estonian construction market volume remained at the level of previous year. The market is expected to show a modest growth in 2021, and there's a strong pipeline of various construction projects to be realized through the year. Latvian construction market increased by 2,7% in 2020. The highest growth rate was in specialized construction works with 7,8% growth. There is a number of large and medium scale projects, including ones financed under EU programs, to be started in 2021, which provides confidence in a further positive trend on construction market. Lithuanian construction market decreased by 0,5% in 2020. A notable increase was in the residential segment with 7% growth. Rail Baltica project will drive demand for rental machinery throughout the Baltics, that provides the management additional confidence for 2021.

Nordic operations have increased by 8% compared to 2019. While there's been a decrease of construction volumes in Sweden and Finland through 2020 due to Covid-19 pandemic restrictions, growth has been possible due to the relatively small market share. Since many construction related projects have been delayed, it is confirmed that most of them will enter into active phase throughout 2021. Our March 2021 sales look promising, and we expect further growth as the high season for construction starts in April.

Operations of subsidiary Storent OOO in Kaliningrad have seen a small revenue increase. The construction market decreased by 7% in 2020 mostly due to Covid-19 effect. The outlook for 2021 remains unclear, at the same time we see several large-scale projects starting, which definitely will drive rental machinery demand in the region.

In January 2020, the Group started cooperation with split-rent and re-rent platform PreferRent, and at the end of 2020 36% of the total rental fleet was supplied from PreferRent. It allowed to increase the Group's efficiency since PreferRent took over a part of the fleet management function and provided increased rental fleet capacity without the Group incurring additional financial liabilities. According to approved Storent Group strategy, part of the rental fleet was sold to auction and to split-rent vendors, which resulted in own equipment proportion decreasing from 87% to 57% of the total rental fleet volume. Investment plan for rental assets in 2020 was significantly smaller compared to previous periods. The Company continued to develop and invest in IT technologies. A flexible approach to rental fleet rotation among Storent Group companies ensured a quicker response to construction market changes and, overall, a more efficient rental fleet usage.

In March 2020 in Baltics and then in late 2020 in Finland and Sweden, Storent launched the first online equipment rental platform that utilizes Artificial Intelligence and Machine Learning. By the end of 2020, in Baltics almost 40% of all equipment rental orders were made online and 70% of transactions were signed digitally. To motivate customers to use online rental solution the Storent Group launched customer reward program "Rental Points". Customers may earn up to 20% from the rental price in „Rental Points" when placing orders online and signing transactions digitally. It quickly became a tangible benefit as "Rental Points" may be used as a means of payment for future Storent services.

The Company management worked also on efficiency increase in other areas. During the financial year, the headcount across the Storent Group was reduced 2020 by 22 people, as well as savings realized on other expenses positions.

The Company management has evaluated the current and potential impact of Covid-19 pandemic. Management has prepared forecasted financial results and cash flows for 2021 and already started to take steps to address the expected liquidity shortages and ensure the Company's and its subsidiaries' ability to continue as going concern, such as:

- Storent Group continues to became more efficient by developing online sales and paper-less rental process, personal costs are estimated to decrease by 10% during 2021 compared to 2020.
- In 2021, Storent Group plans to increase turnover in its countries of operation by 3% -12%, also increasing the profitability by 1% -9% as a result of the performed efficiency activities.
- Storent Holding Finland Oy has agreed to postpone the repayment of loan to Levina Investments S.a.r.l. by additional year, and the final due date of the loan is December 2022. Amendments to agreement have been signed.
- In January and February 2021, Storent Investments AS repurchased bonds issued in 2017 (due in June 2021) in total amount of EUR 1 050 000. In addition, in February 2021, Storent Investments AS exchanged bonds issued in 2017 (due in June 2021) to bonds issued in 2020 (due in October 2023) in total amount of EUR 1 424 200. The Company plans to settle the remaining bonds issued in 2017 (maturing in June 2021) in the amount of EUR 1 575 800 by the specified maturity from the funds at its disposal, positive cash flows from operating activities, as well as repayment of issued loans.
- Storent SIA and Storent Oy continue to perform optimization of the rental equipment fleet by selling old and not-in-demand equipment. By the date of issuing these financial statements, both companies have sold equipment with the net book value EUR 3 148 186 for total gross proceeds of EUR 3 405 972.

The future development of the Company

The Company management plans to continue development of its activities supporting its subsidiaries and fostering growth of the entire Storent group. The main focus in 2021 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 April 2021 Storent group plans to join PreferRent online rental platform that will offer online rental services ordering from numerous rental companies in Baltics with competitive price.

The Company's subsidiaries plan to continue selling own rental fleet and increase split-rent share in total rental income from current 42% to 50% during 2021. Management estimates that the construction equipment rental industry will recover after Covid-19 pandemic in the autumn of 2021 yet, since the construction equipment rental industry is seasonal, management believes that construction volumes will return to the level of 2020 and continue to grow only starting from the spring of 2022. It is expected that Rail Baltica project will give a significant positive impact on the construction equipment rental industry in Baltics.

Financial risk management

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

Conditions and events after the end of the reporting year

Except for information disclosed in Note 29, during the period between the last day of the financial year and the date of signing of these financial statements there have been no other significant events that would have require adjustments or disclosure in the financial statements.

The management report was signed on 30 April 2021 on the Company's behalf by:

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

The annual report was approved at the general shareholders' meeting on ____________ 2021

Statement of management's responsibility

The management of Storent Investments AS confirms that the financial statements have been prepared in accordance with the applicable legislation requirements and present a true and fair view of the AS Storent Investments financial position as at 31 December 2020 and as at 31 December 2019 and its financial performance and cash flows for the years then ended. The management reports contain a clear summary of AS Storent Investments and its subsidiaries business development and financial performance. The financial statements have been prepared according to the International Financial Reporting Standards as adopted by the European Union. During the preparation of the AS Storent Investments financial statements the management:

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

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

This statement of management's responsibility was signed on 30 April 2021 on the Company's behalf by:

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

Separate statement of comprehensive income

	Note	2020 EUR	2019 EUR
Net revenue	3	5 559 964	6 668 070
Personnel costs	8	(1 736 449)	(2 116 077)
Other operating expenses	4	(2 005 177)	(1 658 947)
Deprecation and amortization	*5*	(965 657)	(767 464)
Interest and similar income	*6*	589 621	568 187
Interest payments and similar expenses	*7*	(1 522 447)	(1 393 054)
Impairment losses	*11,20b*	(3 747 244)	(337 399)
Profit before income tax		**(3 827 388)**	**963 316**
Corporate income tax		-	-
Profit (loss) after calculation of the corporate income tax		**(3 827 388)**	**963 316**
Profit (loss) of the reporting year		**(3 827 388)**	**963 316**

The notes on pages 12 to 40 are an integral part of these financial statements.

These separate financial statements were signed on 30 April 2021 on the Company's behalf by:

Andris Bisnieks
Member of the Board

Andris Pavlovs
Member of the Board

Marina Grigore
Chief Accountant

Separate statement of financial position

ASSETS

	Note	31.12.2020	31.12.2019
NON-CURRENT ASSETS			
Intangible assets			
Development of intangible assets		418 813	-
Licences and similar rights		52 140	153 018
Other intangible investments		1 416 174	1 465 452
TOTAL	9	**1 887 127**	**1 618 470**
Property, plat and equipment			
Other fixed assets		64 053	81 374
TOTAL	9	**64 053**	**81 374**
Right of use assets			
Licences and similar rights		49 774	-
Other fixed assets		77 089	90 129
TOTAL	10	**126 863**	**90 129**
Other non-current assets			
Investments in subsidaries	11	37 389 276	33 529 851
Loans to related parties	20b	3 701 825	8 150 674
TOTAL		**41 091 100**	**41 680 525**
TOTAL NON- CURRENT ASSETS		**43 169 143**	**43 470 498**
CURRENT ASSETS			
Trade and other receivables			
Trade receivables		2 664	21 844
Trade receivables from related parties	20a	2 450 811	8 735 387
Other receivables	12	7 774	14 188
Deferred expenses	13	133 885	62 814
TOTAL		**2 595 134**	**8 834 233**
Cash and cash equivalents	14	1 937 007	2 524 418
TOTAL CURRENT ASSETS		**4 532 141**	**11 358 651**
TOTAL ASSETS		**47 701 284**	**54 829 149**

The notes on pages 12 to 40 are an integral part of these financial statements.

These separate financial statements were signed on 30 April 2021 on the Company's behalf by:

Andris Bisnieks
Member of the Board

Andris Pavlovs
Member of the Board

Marina Grigore
Chief Accountant

Separate statement of financial position

EQUITY AND LIABILITIES

	Note	31.12.2020	31.12.2019
EQUITY			
Share capitals	15	33 316 278	33 316 278
Accumulated losses:			
Previous reporting periods retained earings		2 529 441	1 566 125
Profit (loss) of the reporting year		(3 827 388)	963 316
TATAL EQUITY		**32 018 331**	**35 845 719**
KREDITORI			
Long-term liabilities			
Lease liabilities	23	78 976	55 484
Borrowings from related parties	20c	651 162	616 651
Other borrowing	21	3 107 487	3 466 081
Issued bonds	22	3 340 561	-
TOTAL		**7 178 187**	**4 138 216**
Short-term liabilities			
Lease liabilities	23	54 922	34 446
Issued bonds	22	4 105 907	9 932 913
Other borrowing	21	3 328 932	3 626 992
Trade payables		443 076	583 315
Payables to related parties	20a	249 182	-
Corporate income tax		-	5 920
Taxes and mandatory state social insurance contribution	19	43 350	70 624
Other provisions	16	62 864	427 815
Other liabilities	17	55 057	54 881
Accured liabilities	18	161 477	108 308
TOTAL		**8 504 767**	**14 845 214**
TOTAL LIABILITIES		**15 682 953**	**18 983 430**
TOTAL EQUITY ND LIABILITIES		**47 701 284**	**54 829 149**

The notes on pages 12 to 40 are an integral part of these financial statements.

These separate financial statements were signed on 30 April 2021 on the Company's behalf by:

Andris Bisnieks
Member of the Board

Andris Pavlovs
Member of the Board

Marina Grigore
Chief Accountant

Separate statement of cash flows

	Note	2020 EUR	2019 EUR
Cash flows from operating activities			
Profit before tax of the reporting period		(3 827 388)	963 316
Adjustments:			
Amortisation of intangible assets	5	864 042	699 570
Depreciation of fixed assets	5	101 615	67 894
Loss from fixed assets disposals		54 904	4 059
Impairment losses on investments in related parties	11,20b	3 726 319	337 399
Income from investments in related parties	6	(173 718)	-
Interest payments and similar expenses	7	1 508 094	1 387 005
Interest and similar income	6	(415 825)	(568 187)
Result of operations before changes in working capital		*1 838 043*	*2 891 056*
Reduction / (increase) in receivables		6 632 930	(2 052 726)
(Reduction)/ increase in payables		(235 857)	275 541
Gross cash flows from operations		*8 235 116*	*1 113 871*
Interest expenses		(1 359 727)	(1 292 468)
Net cash flows from operating activities		**6 875 389**	**(178 597)**
Cash flows from investing activities			
Acquisition of intagible investments and fixed assets	9,10	(1 218 609)	(1 247 636)
Received dividends		173 718	-
Acquisition of shares of subsidaries	11	(7 585 743)	(3 634 120)
Loan repayment		4 970 000	3 222 276
Loans issued		(521 151)	(1 140 000)
Net cash flows from investing activities		**(4 181 785)**	**(2 799 480)**
Cash flows from financing activities			
Income from issued bonds		200 000	1 755 000
Loans received		-	4 215 883
Repayment of borrowings and bonds		(3 399 726)	(3 628 314)
Lease payments		(81 289)	(25 131)
Net cash flows from financing activities		**(3 281 015)**	**2 317 438**
Net (Decrease) / increase in cash		(587 411)	(660 639)
Cash at the beginning of the reporting year		2 524 418	3 185 057
Cash at the end of the reporting year	14	**1 937 007**	**2 524 418**

The notes on pages 12 to 40 are an integral part of these financial statements.

These separate financial statements were signed on 30 April 2021 on the Company's behalf by:

Andris Bisnieks
Member of the Board

Andris Pavlovs
Member of the Board

Marina Grigore
Chief Accountant

Separate statement of changes in equity

	Share capital	Previous years retained earings/ (uncovered losses)	Profit/ (loss) of the reporting year	Total
	EUR	EUR	EUR	EUR
31 December 2018	**33 316 278**	**75 765**	**1 490 360**	**34 882 403**
Carrying over of profit of the previous year	-	1 490 360	(1 490 360)	-
Profit for the reporting year	-	-	963 316	963 316
31 December 2019	**33 316 278**	**1 566 125**	**963 316**	**35 845 719**
Carrying over of profit of the previous year	-	963 316	(963 316)	-
Loss for the reporting year	-	-	(3 827 388)	(3 827 388)
31 December 2020	**33 316 278**	**2 529 441**	**(3 827 388)**	**32 018 331**

The notes on pages 12 to 40 are an integral part of these financial statements.

These separate financial statements were signed on 30 April 2021 on the Company's behalf by:

Andris Bisnieks
Member of the Board

Andris Pavlovs
Member of the Board

Marina Grigore
Chief Accountant

Notes to the separate financial statements

1. General information about the Company

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

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

The separate financial statements of the Company for 2020 were approved by the decision of the Board on 30 April 2021. Shareholders have the right to reject the financial statements prepared and issued by the Board and to request that new financial statements are prepared.

2. Summary of significant accounting policies

(a) The framework for the preparation of financial statements

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

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

The financial statements were prepared according to the historical cost basis. The monetary unit used in the financial statements is the official currency of the Republic of Latvia – the Euro. The financial statements cover the period from 1 January 2020 until 31 December 2020. The financial statements have been prepared in accordance with below mentioned measurement and recognition principles. These principles were also used in the previous reporting year, unless stated otherwise. The consolidated financial statements of STORENT INVESTMENTS AS are prepared separately.

(b) Use of estimates and judgements

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

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

The Company's ability to continue as a going concern

The Company's management evaluates the actual and potential impact of the Covid-19 pandemic on the economic activities and financial results of the Company and its subsidiaries. Management has prepared the projected financial results and cash flows for 2021 and has already begun to take steps to ensure the Company's and its subsidiaries' ability to continue as a going concern. For more information, see Note 28.

Recoverable value of investments in subsidiaries

The Company management evaluates the carrying amounts of investments in subsidiaries and assesses whenever indications exist that assets' recoverable amounts are lower than their carrying amounts. The Company management calculates and records an impairment loss on investments in subsidiaries based on the estimates related to the future return on them. Calculating the results for 2020 and based on the 5-year business plan, an impairment loss was recognized for the investment in the capital of the Estonian subsidiary, which is recognized in the income statement. Please see Note 11 for more information.

Recoverable value of intangible assets

The Company's management evaluates the carrying amounts of intangible assets and assesses whenever indications exist that the assets' recoverable amounts are lower than their carrying amounts. The Company's management calculates and records an impairment loss on intangible assets based on the estimates related to the expected future use, alienation or sale of the assets. Taking into consideration the Company's planned level of activities, the Company's management considers that no significant adjustments to the carrying amounts of intangible assets fixed assets are necessary as of 31 December 2020. See Notes 9 and 10 for more information.

2. Summary of significant accounting policies (cont.)

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

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

The Company's management assesses the carrying amount of receivables and their recoverability, establishing provisions for doubtful and bad debts, if necessary. The entity applies a simplified approach to trade receivables and recognizes life losses on receivables based on a historical analysis of credit losses and also taking into account expected future developments. Expected creditors' losses from receivables are calculated based on assumptions about default risk and expected loss level. In making these assumptions and selecting data for the calculation of impairment, the Company takes into account its experience, current market conditions, as well as future estimates at the end of each reporting period. Expected credit loses on receivables and loans to related parties are assessed by determining and applying by the management the probability of default of each receivable and the expected loss in the event of default. The Company's management has assessed receivables and believes that no significant additional provisions are required as at 31 December 2020. See Note 2. (g) and Note 25 for more information.

Useful lives of intangible assets and fixed assets

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

(c) Foreign currency conversion

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

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

European Central Bank exchange rates:

	31.12.2020. **EUR**	**31.12.2019.** **EUR**
1 USD	0.81493	0.89015
1 GBP	1.11231	1.17536
1 NOK	0.09551	0.10138
1 SEK	0.09966	0.09572
1 RUB	0.01093	0.01429

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

(d) Intangible assets

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

Development of intangible assets

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

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

2. Summary of significant accounting policies (cont.)

(d) *Intangible assets* (cont.)

A project initiated by the Company meets all the above criteria. The item “Development of intangible assets” currently includes only those costs that the Company can reliably estimate. The development of intangible assets was started in 2020 and, in accordance with the Company's management plans, will be continued in 2021. At the end of 2020, this item was not assessed separately and was included in the impairment test of total assets, allocating this item by CGU equal to the current IT cost allocation in the Storent group.

(e) Property, plant and equipment

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

Other fixed assets	2 - 5 years.

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

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

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

(f) Investments in subsidiaries

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

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

(g) Impairment of non-financial assets

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

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

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

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

(h) Financial assets and financial liabilities

Financial assets

Recognition, classification and subsequent measurement

A financial asset is recognised in the statement of financial position when the Company becomes party to a contract that is a financial instrument.
On initial recognition, the Company classifies and measures a financial asset at amortised cost if it meets both of the following conditions and is not designated as at FVTPL with recognition in the income statement:

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

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

A financial asset is derecognized if:

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

Impairment of financial assets

- Loans to related parties and trade receivables from related parties

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

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

Taking into account the above, the Company's management believes that as at 31 December 2020 and 31 December 2019, additional provisions for possible credit losses from debts of related companies and loans to related companies are not required.

- Trade receivables and Other receivables

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

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

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

2. Summary of significant accounting policies (cont.)

Financial liabilities

Recognition, classification and subsequent measurement

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

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

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

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

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

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

Change in the terms of a financial liability

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

Financial guarantees

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

Offsetting

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

(i) Cash and cash equivalents

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

(j) Provisions

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

(k) Accrued liabilities for unused vacations

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

(n) Contingent liabilities and assets

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

2. Summary of significant accounting policies (cont.)

(o) Leases

The Company as lessee

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

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

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

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

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

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

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

(p) Revenue recognition

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

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

2. Summary of significant accounting policies (cont.)

Management and consulting services

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

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

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

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

(q) Corporate income tax and deferred corporate income tax

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

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

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

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

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

(r) Transactions with related parties

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

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

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

2. Summary of significant accounting policies (cont.)

(s) Post balance sheet events

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

(t) International Financial Reporting Standards

The Company has adopted the following new standards and amendments to standards, including the resulting amendments to other standards, effective for annual periods beginning on or after 1 January 2020, and has applied them in the preparation of these financial statements.

A number of new standards (or amendments) are effective for annual periods beginning on or after 1 January 2020, which do not have a material effect on the Company's financial statements.

- **Amendments to References to Conceptual Framework in IFRS Standards**;
- **Amendments to IFRS 3** – Definition of a Business;
- **Amendments to IAS 1 and IAS 8** – Definition of Material;
- **Amendments to IFRS 9, IAS 39, IFRS 7** – Interest Rate Benchmark Reform – Phase 1.

Standards issued but not yet effective

A number of new standards are effective for annual periods beginning after 1 January 2020 and earlier application is permitted; however, the Company has not early adopted the new or amended standards in preparing these financial statements.

- **Amendments to IFRS 16** – COVID-19-Related Rent Concessions (effective for annual periods beginning on or after 1 June 2020, earlier application is possible);
- **Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16** – Interest Rate Benchmark Reform – Phase 2 (effective for annual periods beginning on or after 1 January 2021, with earlier application possible);
- **Amendments to IAS 37** – Onerous contracts – Cost of Fulfilling a Contract (effective for annual periods beginning on or after 1 January 2022, have not yet been adopted by the EU);
- **Annual Improvements to IFRS Standards 2018-2020** (effective for annual periods beginning on or after 1 January 2022, have not yet been adopted by the EU);
- **Amendments to IAS 16** – Property, Plant and Equipment: Proceeds before Intended Use (effective for annual periods beginning on or after 1 January 2022, not yet adopted by the EU);
- **Reference to Conceptual Framework** – Amendments to IFRS 3 (effective for annual periods beginning on or after 1 January 2022, have not yet been adopted by the EU);
- **Amendments to IAS 1** – Classification of Liabilities as Current or Non-current (effective for annual periods beginning on or after 1 January 2023, have not yet been adopted by the EU);
- **IFRS 17 Insurance Contracts and amendments to IFRS 17 Insurance Contracts** (effective for annual periods beginning on or after 1 January 2023, have not yet been adopted by the EU).

IFRSs currently adopted by the EU do not differ materially from those adopted by the International Accounting Standards Board (IASB), except for some of the above-mentioned standards, amendments to existing standards and interpretations not yet endorsed by the EU on 31 December 2020 (effective dates refer to IFRSs, issued by the IASB).

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

3. Net revenue

By type of services		2020 EUR	2019 EUR
Management and consultancy services to related parties		5 528 877	6 664 085
Revenue from the sale of inventories		24 793	-
Rental revenue from related parties		6 294	3 986
	TOTAL:	**5 559 964**	**6 668 070**

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

		2020 EUR	2019 EUR
Trade receivables		2 664	21 844
Trade receivables from related parties		2 450 811	8 735 387
	TOTAL:	**2 453 475**	**8 757 231**

By geographical area		2020 EUR	2019 EUR
Latvia		1 746 130	2 375 792
Finland		1 606 779	1 315 149
Lithuania		1 012 141	1 532 051
Estonia		762 933	1 010 593
Sweden		364 622	369 583
Russia		67 359	64 902
	TOTAL:	**5 559 964**	**6 668 070**

4. Other operating expenses

		2020 EUR	2019 EUR
IT expenses		1 176 643	911 834
Insurance costs		158 331	174 940
Consultancy services *		151 205	191 242
Marketing expenses		111 052	143 903
Administration transport costs		100 330	97 277
Legal services		85 548	57 328
Rent of offices and areas and maintenance costs		49 550	49 805
Communication expenses		6 299	10 264
Other administration expenses		166 219	22 354
	TOTAL:	**2 005 177**	**1 658 947**

4. Other operating expenses (cont.)

* including payments for audit and non-audit services to Deloitte network companies:

	2020 EUR	2019 EUR
Financial statement auditing services	-	53 765
Permitted tax services	26 300	42 040
TOTAL:	**26 300**	**95 805**

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

	2020 EUR	2019 EUR
Financial statement auditing services	41 200	-
Permitted tax services	79	8 300
TOTAL:	**41 279**	**8 300**

5. Depreciation and amortization

	2020 EUR	2019 EUR
Amortization of intangible assets (see Note 9)	864 042	699 570
Depreciation of fixed assets (see Note 9)	35 741	38 970
Amortization of rights of use assets (see Note 10)	65 874	28 924
TOTAL:	**965 657**	**767 464**

6. Financial and similar income

	2020 EUR	2019 EUR
Interest income	393 831	568 187
Income from dividends of Storent OOO	173 718	-
Repurchased bonds (price difference) (see Note 22)	21 994	-
Income from foreign exchange fluctuations	78	-
TOTAL:	**589 621**	**568 187**

7. Financial and similar costs

	2020 EUR	2019 EUR
Interest on borrowings	1 121 719	1 023 115
Interest on raised funding	351 864	363 888
Interest on loans received from related parties	34 511	-
Loss from foreign exchange fluctuations	14 353	6 051
TOTAL:	**1 522 447**	**1 393 054**

8. Personnel costs and number of employees

	2020 EUR	2019 EUR
Salaries	1 457 939	1 418 649
National social security mandatory contributions	351 320	342 276
Remuneration to contractors	335 311	317 851
Provisions for bonuses (change)	(364 951)	5 510
Other personnel costs	(43 170)	31 791
TOTAL:	**1 736 449**	**2 116 077**

Personnel costs by function:	2020 EUR	2019 EUR
Administration and finance staff	1 736 449	2 116 077
TOTAL:	**1 736 449**	**2 116 077**

Incl. executive management remuneration:	2020 EUR	2019 EUR
Members of the Board		
Salaries	813 000	753 470
National social security mandatory contributions	195 864	181 511
TOTAL:	**1 008 864**	**934 981**

	2020	2019
Average number of employees during the reporting year	10	11
TOTAL:	**10**	**11**

9. Intangible assets and property, plant and equipment

	Development of intangible assets	Licences and similar rights	Other intagible assets	Other fixed assets and inventory	TOTAL
	EUR	EUR	EUR	EUR	EUR
31 December 2018					
Historical cost	-	464 968	1 886 431	264 647	2 616 046
Accumulated amortisation and depreciation	-	(233 368)	(995 198)	(133 751)	(1 362 317)
Net carrying value	**-**	**231 600**	**891 233**	**130 896**	**1 253 729**
2019					
Net carrying value, opening	-	231 600	891 233	130 896	1 253 729
Additions	-	5 914	1 189 294	52 429	1 247 637
Lease assets transfered to ROU at 1 January 2019, cost	-	(138 795)	-	(83 906)	(222 701)
Lease assets transfered to ROU at 1 January 2019, depreciation	-	85 590	-	24 984	110 574
Transfered from ROU at the end of the leaase (book value)	-	53 205	-	-	53 205
Disposals, net	-	-	-	(4 059)	(4 059)
Amortisation and depreciation	-	(84 496)	(615 075)	(38 970)	(738 541)
Net carrying value, closing	**-**	**153 018**	**1 465 452**	**81 374**	**1 699 845**
31 December 2019					
Historical cost	-	470 882	3 075 725	254 095	3 800 702
Accumulated amortisation and depreciation	-	(317 864)	(1 610 273)	(172 721)	(2 100 858)
Net carrying value	**-**	**153 018**	**1 465 452**	**81 374**	**1 699 844**
2020					
Net carrying value, opening	-	153 018	1 465 452	81 374	1 699 844
Additions	418 813		767 091	20 119	1 206 023
Disposals, net	-	(151 133)	(1 174)	(11 165)	(163 472)
Excluded depreciation	-	97 928	1 174	9 466	108 568
Accumulated amortisation and depreciation	-	(47 673)	(816 369)	(35 741)	(899 783)
Net carrying value	**418 813**	**52 140**	**1 416 174**	**64 053**	**1 951 180**
31 December 2020					
Historical cost	418 813	319 749	3 841 642	263 049	4 843 253
Accumulated amortisation and depreciation	-	(267 609)	(2 425 468)	(198 996)	(2 892 073)
Net carrying value	**418 813**	**52 140**	**1 416 174**	**64 053**	**1 951 180**

Fully amortized intangible assets and depreciated fixed assets

On 31 December 2020 intangible assets and fixed assets of the Company included assets with acquisition value of EUR 1 960 486 (31.12.2019.: EUR 1 801 479), which were completely written down into amortization and depreciation costs and are still actively used in economic activity. Most of these intangible and fixed assets consist of computer programs, which continue to be used, and for which annual maintenance and improvement fees are paid.

9. Intangible assets and property, plant and equipment (cont.)

Development of intangible assets

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

10. Rights of use assets

	Licences and similar rights	Other fixed assets and inventory	TOTAL
	EUR	EUR	EUR
At 1 January 2019			
Transfered of historic cost from PP&E at 1 January 2019	138 795	83 906	222 701
Transfered of accumulated depreciation from PP&E at 1 January 2019	(85 590)	(24 984)	(110 574)
Addtions	-	60 131	60 131
Transfered at the end of the lease (book value)	(53 205)	-	(53 205)
Depreciation	-	(28 924)	(28 924)
2019	**-**	**90 129**	**90 129**
At 31 December 2019			
Historical costs	-	144 037	144 037
Amortisation and depreciation	-	(53 907)	(53 907)
Net carrying value	**-**	**90 129**	**90 129**
2020			
Net carrying value, opening	-	90 129	90 129
Additions	77 908	24 701	102 608
Disposals, net	-	-	-
Excluded depreciation	-	-	-
Amortisation and depreciation	(28 133)	(37 741)	(65 875)
Net carrying value	**49 774**	**77 089**	**126 863**
At 31 December 2020			
Historical costs	77 908	168 737	246 645
Amortisation and depreciation	(28 133)	(91 649)	(119 782)
Net carrying value	**49 774**	**77 089**	**126 863**

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

Amounts recognized in profit and loss:	Note	2020 EUR	2019 EUR
Amortization expense on right of use assets	10	(65 874)	(28 924)
Interest expenses on lease liabilities		(12 854)	(4 464)
Short term and low value lease expenses		(82 847)	(83 456)
	TOTAL:	**(161 575)**	**(116 844)**

11. Investments in subsidiaries

The Company hadthe following investments in its subsidiaries as at 31 December 2020:

Company	Address	%	31.12.2020 EUR	31.12.2019 EUR
STORENT SIA	Zolitudes iela 89, Riga, LV-1046, Latvia	100	10 921 613	10 921 613
STORENT UAB	Savanorių pr. 180B-101, LT-03154 Vilnius, Lithuania	100	9 942 694	9 442 694
STORENT OU	Betooni 15 / Paneeli 5, Tallinn, 11415, Estonia	100	9 960 558	10 086 877
STORENT Holding Finland OY	Virkatie 16, Vantaa, FI-01510, Finland	100	2 652 500	1 252 500
STORENT AS	Pb 1441 Vika, N-0116, Oslo, Norway	100	3 700	3 700
STORENT AS	Impairement losses		(3 700)	(3 700)
STORENT AB	Arrendevägen 50, 163 44, Spanga, Stockholm, Sweden	100	3 328 974	1 243 230
STORENT OOO	4 Bolshaja Okruznaja ulica 33, 236009, Kaliningrad, Russian Federation	100	582 937	582 937
		TOTAL:	**37 389 276**	**33 529 851**

Summary about STORENT Holding Finland OY subsidiary			31.12.2020	31.12.2019
Company	**Address**	**%**	**EUR**	**EUR**
STORENT OY	Virkatie 16, Vantaa, FI-01510, Finland	100	2 658 409	1 258 409

Movement of investments in subsidaries	31.12.2020 EUR	31.12.2019 EUR
At the beginning of the year	**33 529 851**	**30 202 757**
Investment in Storent OU	3 600 000	1 200 000
Investment in Storent UAB	500 000	432 265
Investment in Storent AB	2 085 744	751 855
Investment in Storent Holding Finland Oy	1 400 000	1 250 000
Impairment charge	(3 726 319)	(307 026)
TOTAL:	**37 389 276**	**33 529 851**

Investments made in subsidiaries Storent OU, Storent UAB and Storent Holding Finland Oy in 2020 for the total amount of EUR 5 500 000 were made in cash by transferring the respective amounts to the bank accounts of the subsidiaries, while the investment in Storent AB was made in cash for the total amount of EUR 1 550 000 and the capitalization of outstanding invoices at the date of the investment for the total amount of EUR 535 744.

Movement of impairment	31.12.2020 EUR	31.12.2019 EUR
Impairement of investments in subsidiaries		
At the beginning of the year	**(307 026)**	**-**
Impairment for Storent OU	(3 419 293)	(303 326)
Impairment for Storent AS	-	(3 700)
Total impairement of investments in subsidiaries:	**(3 726 319)**	**(307 026)**

Distribution of impairment by position	Note	31.12.2020 EUR	31.12.2019 EUR
Investment in Storent OU	11	(3 722 619)	(303 326)
Investment Storent AS	11	(3 700)	(3 700)
Total accruals for imairement:		**(3 726 319)**	**(307 026)**

11. Investments in subsidiaries (cont.)

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

Name	Audited		Profit(loss) of the reporting		Equity	
	2020	2019	2020	2019	31.12.2020	31.12.2019
			EUR	EUR	EUR	EUR
STORENT SIA	yes	yes	(289 168)	3 462 901	14 149 998	14 439 166
STORENT UAB	yes	yes	(1 521 053)	(595 187)	(1 263 785)	(242 732)
STORENT OU	yes	yes	(2 034 909)	(1 523 142)	(3 870 567)	(1 406 013)
STORENT Holding Finland OY	no	no	(732 354)	(663 188)	81 963	(585 683)
STORENT AS	no	no	(6 250)	(2 703)	(52 062)	(45 812)
STORENT AB	yes	yes	(1 106 857)	(1 001 954)	(130 429)	(1 109 315)
STORENT OOO	no	no	110 725	42 098	466 290	355 565
STORENT Holding Finland OY subsidiary:						
STORENT OY	yes	yes	(1 476 933)	(1 048 831)	125 224	202 157

The Company management has evaluated the recoverable amount of each investment. It has been evaluated whether ownership interest in subsidiaries has been impaired. When performing an impairment test for ownership interest in subsidiaries, the recoverable amount – value in use – is determined by discounting future cash flows of each subsidiary. The calculation is based on the following assumption: each subsidiary is considered to be a separate cash-generating unit (CGU). This test is performed also to assess the recoverability of capitalized development costs for intangible assets, which are allocated to the subsidiaries. Cash flows are planned based on actual results and 5-year business plan which uses the following assumptions: Storent Group's amortisation and depreciation costs, IT costs, management fee, insurance costs and interest expenses are allocated in the budget of each subsidiary according to fleet proportion in the subsidiary. By using the same fleet proportion all the Group's liabilities for equipment purchase are allocated in impairment calculation. Cash flows beyond that five-year period have been extrapolated using a steady 3 per cent (2019: 2 per cent) per annum growth rate. A post-tax discount rate of 8.98% was applied to determine the recoverable present value of assets. Discount rate forecasts are based on the actual cost of capital of Storent group companies. In 2020, based on the assessment of the recoverable value, it was identified that the recoverable value for the investment in Estonian subsidiary Storent OU is lower than the carrying amount of the investment by EUR 3 419 293. Impairment loss was fully allocated to Investments in subsidiaries and recognized in the Statement of comprehensive income in position "Impairment losses".

The recoverable amount of long-term investments largely depends on the assumptions used in the assessment relating to net turnover growth, EBITDA margin and growth rate, timing of growth, as well as the ability of Company's management to implement these assumptions and the development of the Baltic construction equipment rental market in general. Any unfavorable changes in these assumptions that may be caused by volatility of the market, in which the Company or its subsidiaries operate, may have a negative influence of the carrying amount of the Company's investments in subsidiaries reflected in the balance sheet as at 31 December 2020.

11. Investments in subsidiaries (cont.)

Sensitivity analysis

The Company has conducted an analysis of the sensitivity of the impairment test to changes in the key assumptions used to determine the recoverable amount for each of the CGUs. Analysis of the sensitivity is based on same assumptions as impairment test and as described above.

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

31.12.2019	Latvia	Lithuania	Estonia	Finland	Sweden	Russian Federation
EBITDA margin	32%-23% 2020-2024 in terminal year 23% (2019: actual 40%)	25%-23% 2020-2024 in terminal year 23% (2019: actual 31%)	16%-24% 2020-2024 in terminal year 24% (2019: actual 20%)	29%-27% 2020-2024 in terminal year gadā 27% (2019: actual 21%)	9%-22% 2020-2024 in terminal year 22% (2019: actual -3%)	38%-34% 2020-2024 in terminal year 34% (2019: actual 24%)
EBITDA the growth tate	(9%)	(2%)	(8%)	(2%)	13%	(4%)
Cash flow calculation periods	5 years + the terminal year	5 years + the terminal year	5 years + the terminal year	5 years + the terminal year	5 years + the terminal year	5 years + the terminal year
Discount rate	10,3%	10,3%	10,3%	10,3%	10,3%	10,3%
Terminal growth rate	0,59	0,59	0,59	0,59	0,59	0,59

11. Investments in subsidiaries (cont.)

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

	Weighted average cost of capital 8,98%				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 7,98%	Weighted average cost of capital 9,98%	Weighted average cost of capital 7,98%	Weighted average cost of capital 9,98%
m EUR	**2020**	**2020**	**2019**	**2019**	**2020**	**2020**	**2019**	**2019**
Storent SIA	15,65	12,02	14,86	8,44	20,44	12,23	22,58	9,09
Storent UAB	12,56	10,19	12,43	8,29	15,91	10,18	17,46	8,67
Storent OU	-0,31	-1,37	1,09	-1,41	1,35	-1,50	4,45	-1,40
Storent AB	4,56	3,54	-0,50	-2,76	5,98	3,54	0,77	-1,42
Storent Oy	15,08	11,9	10,74	4,75	18,71	12,49	15,31	7,34
Storent OOO	0,50	0,33	0,04	-0,27	0,66	0,38	0,18	-0,06
TOTAL:	**48,04**	**36,61**	**38,66**	**17,04**	**63,06**	**37,32**	**60,75**	**22,21**

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

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

12. Other receivables

		31.12.2020 EUR	31.12.2019 EUR
Guarantee deposits		7 774	7 774
Other receivables		-	6 414
	TOTAL:	**7 774**	**14 188**

13. Deferred expenses

		31.12.2020 EUR	31.12.2019 EUR
Software maintenance		119 605	30 044
Personnel expenses		11 343	5 598
Insurance expenses		2 937	27 172
	TOTAL:	**133 885**	**62 814**

14. Cash and cash equivalents

		31.12.2020 EUR	31.12.2019 EUR
Cash in bank, EUR		1 937 007	2 524 418
	TOTAL:	**1 937 007**	**2 524 418**

15. Share capital

Registered share capital of the Company on 31.12.2020 and 31.12.2019 is EUR 33 316 278, consisting of 33 316 278 shares. The nominal value of a share is EUR 1. All shares have equal voting right and dividend entitlement.

Shareholders of the Company as at 31 December 2020:

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

Shareholders of the Company as at 31 December 2019:

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

16. Other provisions

	31.12.2020 EUR	31.12.2019 EUR
Provisions for premiums	62 864	427 815
TOTAL:	**62 864**	**427 815**

Changes in provisions can be reflected as follows:

	31.12.2020 EUR	31.12.2019 EUR
At the beginning of the year	**427 815**	**422 305**
Created provisions	96 913	386 529
Used provisions	(427 815)	(401 662)
Reversed provisions	(34 049)	20 643
At the ending of the year	**62 864**	**427 815**

17. Other liabilities

	31.12.2020 EUR	31.12.2019 EUR
Salaries payable	55 057	54 881
TOTAL:	**55 057**	**54 881**

18. Accrued liabilities

	31.12.2020 EUR	31.12.2019 EUR
Accrued liabilities for unused vacations	85 874	80 633
Accrued liabilities for consultations received	53 300	-
Accrued liabilities for audit services	12 360	-
Other accrued liabilities	9 943	27 675
TOTAL:	**161 477**	**108 308**

19. Taxes and mandatory state social insurance contributions

	31.12.2020 EUR	31.12.2019 EUR
National social security mandatory contributions	28 042	44 843
Personal income tax	15 408	25 870
Value added tax	(83)	(84)
Risk duty	(17)	(5)
TOTAL:	**43 350**	**70 624**

20. Transactions with related parties

20.(a) Transactions with related parties:

Related party	Year	Goods and services provided EUR	Interest income EUR	Goods purchased and services received EUR	Payables related parties EUR	Receivables from relatd parties EUR
Subsidaries:						
STORENT SIA	2019	2 375 792	532 760	(110 083)	-	4 242 126
	2020	1 721 336	344 427	(96 796)	- 238 053	-
STORENT UAB	2019	1 532 051	-	(78 398)	-	1 189 255
	2020	1 012 141	-	-	-	1 217 598
STORENT OU	2019	1 010 593		-	-	434 545
	2020	762 933	19 083	-	- 11 129	-
STORENT Holding Finland Oy	2019	-	7 292	(3 513)	-	8 557
	2020	-	28 620	-	-	37 177
STORENT AB	2019	369 583	1 128	-	-	264 215
	2020	364 622	-	-	-	78 646
STORENT AS	2019	-	1 521	-	-	5 373
Impairment loses Storent AS	2019	-	-	-	-	(5 373)
	2020	-	1 701	-	-	7 074
Impairment loses Storent AS	2020	-	-	-	-	(7 074)
STORENT OOO	2019	64 902	2 820	-	-	7 100
	2020	67 359	-	-	-	-
STORENT Oy	2019	1 315 150	22 666	-	-	2 589 589
	2020	1 606 779	-	-	-	1 117 389
	TOTAL 2019:	**6 668 071**	**568 187**	**(191 994)**	**-**	**8 735 387**
	TOTAL 2020:	**5 535 171**	**393 831**	**(96 796)**	**(249 182)**	**2 450 811**

In 2020 and 2019, the costs of services received from related parties were not capitalized. In 2020, Storent AB's debt for services provided was capitalized to investment in a subsidiary for the total amount of EUR 535 744.

20.(b) Loans to related parties

	Maturity date	Loan amount	Actual interest rate (%)	31.12.2020 EUR	31.12.2019 EUR
SIA "STORENT"	31.12.2022.	930 000	6	930 000	6 000 000
SIA "STORENT"	31.12.2022.	1 684 673	1.434	1 684 674	1 684 674
OY "STORENT Holding Finland"	31.12.2022.	487 151	6	487 151	466 000
OY "Storent"	*	600 000		600 000	-
AS "STORENT"	31.12.2022.	44 224	6	44 224	25 000
Impairment losses AS "STORENT"				(44 224)	(25 000)
			Long term liabilities:	**3 701 825**	**8 150 674**
			Short term liabilities:	**-**	**-**

*Long-term capital loan without a specified maturity.

20.(b) Loans to related parties (cont.)

Movement of impairement	31.12.2020 EUR	31.12.2019 EUR
Impairement of trade receivables from related parties and loans	**(30 373)**	**-**
Storent AS, trade receivables from related parties	(1 701)	(5 373)
Storent AS, loans	(19 224)	(25 000)
Total impairement of loans and receivables:	**(51 298)**	**(30 373)**

Distribution of impairement by positions	Note	31.12.2020 EUR	31.12.2019 EUR
Storent AS, trade receivables from related parties	20 (a)	(7 074)	(5 373)
Storent AS, loans	20 (b)	(44 224)	(25 000)
Total impairement of loans and receivables:		**(51 298)**	**(30 373)**

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

20.(c) Borrowings from related parties

	Maturity date	Loan amount	Actual interest rate (%)	31.12.2020 EUR	31.12.2019 EUR
Bomaria SIA	31.12.2022	6 680 872	6	325 581	308 326
Supremo SIA	31.12.2022	6 680 872	6	325 581	308 325
			Long term liabilities:	**651 162**	**616 651**

Borrowings from related parties are received without security.

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

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

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

	Loan interest income		Borrowing interest expenses	
	31.12.2020 EUR	**31.12.2019 EUR**	**31.12.2020 EUR**	**31.12.2019 EUR**
Shareholders of the Company	-	-	34 511	34 416
Subsidiaries of the Company	393 831	568 187	-	3 513
KOPĀ:	**393 831**	**568 187**	**34 511**	**37 929**

21. Other borrowing

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 has registered promissory notes for each payment.

	Maturity	Amount	Actual interest rate (%)	31.12.2020 EUR	31.12.2019 EUR
AB "Haulotte Group"	01.10.2021	5 500 000	2.49	1 006 644	1 006 667
AB "Haulotte Group"	01.09.2022	1 003 836	3.94	352 484	402 883
AB "Haulotte Group"	01.09.2022	1 994 007	3.94	743 861	850 219
AB "Haulotte Group"	01.09.2021	1 006 969	4	202 087	269 450
AB "Haulotte Group"	15.09.2022	1 004 278	4	470 277	537 460
AB "Haulotte Group"	01.08.2024	1 607 292	4	1 514 103	1 615 043
SAS "Yanmar construction equipment Europe"	01.09.2021	995 703	4	199 804	266 435
SAS "Yanmar construction equipment Europe"	15.09.2022	1 075 956	4	503 842	575 820
SAS "Yanmar construction equipment Europe"	04.08.2023	643 014	4	605 733	646 115
SA "MANITOU BF"	04.08.2024	1 192 550	4	1 055 980	1 198 208
Incremental cost llocation		(1 223 078)	-	(218 398)	(295 244)
SIA "Aston Baltic"	31.12.2020	109 575	-	0	20 017
			Total:	**6 436 419**	**7 093 073**
		Total Non-current liabilities:		3 107 487	3 466 081
		Total Current liabilities		3 328 932	3 626 992

In order to improve the Company's liquidity, in 2020 the Company agreed with the suppliers on deferral of principal payments and extension of the respective maturity of liabilities. The Company assessed the change in the terms of other borrowings and concluded that the change is not material.

Total loans origination fees and costs amounted to EUR 1 223 078

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

	2020 EUR	2019 EUR
Balance at the beginning of the year	**7 093 073**	**7 095 935**
Proceeds from other borrowings	-	4 215 883
Repayment of other borrowings	(718 020)	(4 192 336)
Total changes from financing cash flows	**(718 020)**	**23 547**
Reclassification to Lease liabilities	(20 017)	-
Incremental cost allocation amortization	76 845	10 225
Interest expense	207 760	473 733
Interest paid	(203 222)	(510 367)
Total liability-related other changes	**61 366**	**(26 409)**
Balance at the end of the year	**6 436 419**	**7 093 073**

22. Issued bonds

In 2017, Storent Investments issued bonds with maturity 30.06.2020, which in 2020 was extended to 30.06.2021, and annual interest rate 8%, ISIN code LV0000802304, and in 2020 Storent Investments issued bonds with maturity 19.10.2023 and annual interest rate 8%, ISIN code LV0000802411.

Issued bonds	Emission date	Maturity date	Amount	Actual interest rate (%)	31.12.2020 EUR	31.12.2019 EUR
ISIN code LV0000802304	01.07.2017	30.06.2021	4 050 000	8	4 050 000	10 000 000
ISIN code LV0000802411	19.03.2020	19.10.2023	15 000 000	8	3 446 300	-
Accrued interest for bonds coupon payment (LV0000802411)					55 907	-
Incremental cost allocation emission LV0000802411 *					(105 739)	(67 087)
				TOTAL:	**7 446 468**	**9 932 913**
				Total Non-current liabilities:	3 340 561	-
				Total Current liabilities:	4 105 907	9 932 913

According to Terms and Conditions for both 2017 emission and 2020 emission, the following financial covenants have to be met:

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

22. Issued bonds (cont.)

Events with bonds in 2020

Emission with ISIN code LV0000802304

On 9 March 2020 AS Storent Investments offered to the noteholders who own the notes of AS Storent Investments maturing on 30 June 2020 (ISIN LV0000802304) an opportunity to exchange the Existing Notes owned by them with the New Notes (ISIN LV0000802411). The exchange ratio is one-to-one, and the noteholders may apply for the exchange with any number of the Existing Notes owned by them. On 16 March 2020 the first stage of subscription for AS Storent Investments new notes with ISIN code LV0000802411 ended, where the investors agreed to exchange the notes of AS Storent Investments maturing on 30 June 2020 (ISIN LV0000802304) with the New Notes in the total nominal amount of 2 332 000 EUR.

On 1 April 2020 AS Storent Investments announced an instigation of written procedure for receipt of consent of Noteholders holding the Notes to amend Terms and Conditions. In accordance with the proposed amendments to the Terms and Conditions, the Issuer proposed to extend the maturity of the Notes by one year and to exclude the Net Debt/EBITDA financial covenant from the Terms and Conditions, which will allow the Issuer to reorganize its activities in case of a possible decrease in turnover and to continue to fulfil its obligations. On 24 April 2020 voting has been closed and amendments have been approved, remaining bonds that were not exchanged with new bonds, will mature on 30 June 2021 and the Net Debt/EBITDA financial covenant was excluded from the Terms and Conditions. The Company assessed the change in the terms of the issued bonds and concluded that the modification is not significant.

On 6 November 2020 AS Storent Investments, by exercising the rights provided for in Clause 16 of the Terms and Conditions of Notes (ISIN LV0000802304), which inter alia provides Storent's right at any time to purchase the Notes in any manner and at any price in the secondary market, hereby announced repurchase of the Notes in the nominal value not exceeding 1 753 700 EUR. The price at which Storent was ready to repurchase the Notes was not higher than the nominal value of the Notes. Interest accrued until 20 November 2020 (inclusive) was added to the repurchased Notes. As a result of the repurchase, Storent has repurchased notes in the nominal value of 1 753 700 EUR.

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

On 22 December 2020 AS Storent Investments decreased the emission amount of the notes (ISIN LV0000802304) included in the Exchange trading system by EUR 4 050 000. The decrease was in the amount of repurchased bonds.

Emission with ISIN code LV0000802411

On 9 March 2020 AS Storent Investments offered to the noteholders who own the notes of AS Storent Investments maturing on 30 June 2020 (ISIN LV0000802304) an opportunity to exchange the Existing Notes owned by them with the New Notes (ISIN LV0000802411). The exchange ratio is one-to-one, and the noteholders may apply for the exchange with any number of the Existing Notes owned by them. On 16 March 2020 the first stage of subscription for AS Storent Investments new notes with ISIN code LV0000802411 ended, where the investors agreed to exchange the notes of AS Storent Investments maturing on 30 June 2020 (ISIN LV0000802304) with the New Notes in the total nominal amount of 3 246 300 EUR.

In addition to the above, new bondholders acquired bonds (ISIN LV0000802411) in the total nominal amount of 200 000 EUR.

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

Financial and Capital Market Commission (FCMC) on 18 June 2020 approved prospectus of AS Storent Investments for admission of EUR 15 000 000 notes (ISIN LV0000802411) to Baltic Bond List of AS Nasdaq Riga.

Borrowings against issued bonds are unsecured. The full amount of the borrowings is repayable after the maturity of the liabilities.

22. Issued bonds (cont.)

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

	31.12.2020 EUR	31.12.2019 EUR
Balance at the beginning of the year	**9 932 913**	**8 091 389**
Proceeds from bonds	200 000	1 755 000
Repayment bonds	(2 681 706)	-
Total changes from financing cash flows	**(2 481 706)**	**1 755 000**
Incremental cost allocation amortization	(38 652)	(30 667)
Proceeds from bond repurchases below nominal value	(21 994)	-
Interest expense	898 742	898 791
Interest paid	(842 835)	(781 600)
Total liability-related other changes	**(4 739)**	**86 524**
Balance at the end of the year	**7 446 468**	**9 932 913**

23. Lease liabilities

By asset type	Maturity	Actual interest rate, (%)	31.12.2020 EUR	31.12.2019 EUR	Balance sheet value of leased assets on 31.12.2020 EUR
Other fixed assets	2022-2023	5% - 10,3%	79 460	89 930	77 089
Licenses and similar rights	2022	10,3%	54 438	-	49 774
		TOTAL:	**133 898**	**89 930**	**126 863**
		Total Non-current liabilities:	78 976	55 484	
		Total Current liabilities:	54 922	34 446	

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

	31.12.2020 EUR	31.12.2019 EUR
Balance at the beginning of the year	**89 930**	**54 925**
Repayment of lease liabilities	(66 071)	(8 268)
Total changes from financing cash flows	**(66 071)**	**(8 268)**
New leases	90 022	43 273
Reclassification from Other borrowings	20 017	-
Interest expenses accrued	15 218	7 275
Interest paid	(15 218)	(7 275)
Total liability-related other changes	**110 039**	**43 273**
Balance at the end of the year	**133 898**	**89 930**

24. Financial instruments

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

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

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

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

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

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

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

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

All of the Group's financial assets and financial liabilities are determined to be Level 3 in the fair value hierarchy. There were no transfers between fair value hierarchy levels in 2020 and in 2019.

24. Financial instruments (cont.)

Categories of financial assets and liabilities as at 31.12.2020 and as at 31.12.2019:

	31.12.2020		31.12.2019	
Financial assets	**Carrying amount**	**Fair value**	**Carrying amount**	**Fair value**
Loand and receivables held at amortised cost				
- Trade receivables	2 664	2 664	21 844	21 844
- Trade receivables from related parties	2 450 811	2 450 811	8 735 387	8 735 387
- Other receivables	7 774	7 774	14 188	14 188
- Cash and cash equivalents	1 937 007	1 937 007	2 524 418	2 524 418
TOTAL financial assets	**4 398 256**	**4 398 256**	**11 295 837**	**11 295 837**

	31.12.2020		31.12.2019	
Financial liabilities	**Carrying amount**	**Fair value**	**Carrying amount**	**Fair value**
Financial liabilities held at amortised cost				
- Loans from related parties	651 162	651 162	616 651	616 651
- Issued bonds	7 446 468	7 455 800	9 932 913	9 900 000
- Lease liabilities	133 898	133 898	89 930	89 930
- Other borrowings	6 436 419	6 436 419	7 093 073	7 093 073
- Trade payable	443 076	443 076	583 315	583 315
- Trade payable to related parties	249 182	249 182	-	-
- Other payables	55 057	55 057	54 881	54 881
TOTAL financial liabilities:	**15 415 262**	**15 424 594**	**18 370 763**	**18 337 850**

25. Financial risk management

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

Foreign currency risk

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

Credit risk

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

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

Trade receivables
The Company monitors outstanding trade receivables on a regular basis.

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

Liquidity risk

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

25. Financial risk management (cont.)

At 31 December 2020 and 31 December 2019, the maturity of the financial liabilities of the Company, based on undiscounted payments provided for in the agreements can be disclosed as follows:

31.12.2020						Expected interest payments	Carrying amount
	<3 months	3-6 months	6-12 months	1-5 years	Total	Total	Total
	EUR	EUR	EUR	EUR	EUR	EUR	EUR
Loans agains bonds	(1 149 926)	(129 926)	(3 118 926)	(3 515 226)	**(7 914 004)**	(523 443)	7 390 561
Loans from related parties	-	-		(718 675)	**(718 675)**	(67 513)	651 162
Lease liabilities	(42 959)	(8 150)	(15 085)	(86 624)	**(152 818)**	(18 919)	133 899
Other borrowings	(1 131 635)	(603 152)	(1 721 220)	(3 443 329)	**(6 899 336)**	(462 917)	6 436 419
Trade payable	(443 076)	-	-	-	**(443 076)**	-	443 076
Trade payable to related parties	(249 182)	-	-	-	**(249 182)**	-	249 182
Tax and other payable	(98 407)	-	-	-	**(98 407)**	-	98 407
Total:	**(3 115 185)**	**(741 228)**	**(4 855 231)**	**(7 763 854)**	**(16 475 498)**	**(1 072 792)**	**15 402 706**

						Expected interest payments	Carrying amount
31.12.2019	<3 months	3-6 months	6-12 months	1-5 years	Total	Total	Total
	EUR	EUR	EUR	EUR	EUR	EUR	EUR
Loans agains bonds	(200 000)	(10 200 000)	-	-	**(10 400 000)**	(467 087)	9 932 913
Loans from related parties	-	-	-	(694 204)	**(694 204)**	(77 553)	616 651
Lease liabilities	(13 210)	(9 226)	(27 677)	(51 543)	**(101 656)**	(11 726)	89 930
Other borrowings	(1 279 779)	(927 091)	(2 178 886)	(3 292 081)	**(7 677 837)**	(584 764)	7 093 073
Trade payable	(583 315)	-	-	-	**(583 315)**	-	583 315
Tax and other payable	(131 425)	-	-	-	**(131 425)**	-	131 425
Total:	**(2 207 729)**	**(11 136 317)**	**(2 206 563)**	**(4 037 828)**	**(19 588 437)**	**(1 141 130)**	**18 447 307**

26. Capital management

The purpose of the Company's capital management is to provide a high credit rating and a balanced structure of capital to ensure successful activity of the Company and to maximize the Company's share value. The Company is not subject to any externally imposed capital requirements. The Company is controlling the structure of capital and adjusts this structure according to economic conditions. To control and adjust the capital structure, the Company can change conditions of payment of dividends to shareholders, to return them part of shares or to issue new shares. In 2020 and 2019, there were no changes introduced to purposes, policy or processes related to capital management.

	31.12.2020.	31.12.2019.
	EUR	EUR
Interest bearing loans and borrowings	14 612 041	17 732 568
Trade and other payables	541 483	714 740
Less cash and cash equivalents	(1 937 007)	(2 524 418)
Net debt	**13 216 517**	**15 922 890**
Equity	32 018 331	35 845 719
Net debt to equity ratio:	**0.41**	**0.44**

27. Issued guarantees

The Company has issued a number of guarantees in favor of third parties for the liabilities of its subsidiaries. In assessing the expected credit losses on these guarantees, the management individually determines and applies the probability of default of each subsidiary and the expected loss in the event of default, using the method described in Note 2 (h). Evaluating the ability of the subsidiaries to meet their obligations as at 31 December 2020 and 31 December 2019, the Company management believes that no significant additional accruals for credit losses are required.

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

In 2016, 2017 and 2018 Storent Investments AS issued a guarantee to Luminor Līzings SIA due to concluded financial lease contracts between Storent SIA and Luminor Līzings SIA. The amount of the guarantee is 9 206 264 EUR and guarantee is valid till April 2025. At the time of preparation of the financial statements the Company management has not identified circumstances that would indicate that an outflow of economic benefits from the Company will be required to settle the obligation.

In 2016, 2017 and 2018 Storent Investments AS issued a guarantee to UniCredit Leasing SIA due to concluded financial lease contracts between Storent SIA and UniCredit Leasing SIA. The amount of the guarantee is 1 463 441 EUR and guarantee is valid till 31 December 2023. At the time of preparation of the financial statements the Company management has not identified circumstances that would indicate that an outflow of economic benefits from the Company will be required to settle the obligation.

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

In 2020 Storent Investments issued guarantee to NORDEA RAHOITUS SUOMI OY due to concluded financial lease contracts between Storent Oy and NORDEA RAHOITUS SUOMI OY. The amount of the guarantee is 1 728 964 EUR and guarantee is valid till full liability repayment. At the time of preparation of the financial statements the Company management has not identified circumstances that would indicate that an outflow of economic benefits from the Company will be required to settle the obligation.

28. Going concern of the Company

The Company's financial performance in the reporting year was a loss of EUR 3 827 388 (2019: profit of EUR 963 316), which is a result of a decrease in revenues due to Covid-19 impact and partly writing off the investment in Estonian subsidiary. At the end of the year, the Company's current liabilities exceeded its current assets by EUR 3 972 626 (31.12.2019: current liabilities exceeded current assets by EUR 3 486 563), as a result of significant borrowings approaching maturity, which may cast doubts on the Company's ability to continue as a going concern.

The Company management has evaluated the current and potential impact of Covid-19 pandemic. Management has prepared forecasted financial results and cash flows for 2021 and already started to take steps to address the expected liquidity shortages and ensure the Company's and its subsidiaries' ability to continue as going concern, such as:

- Storent Group continues to became more efficient by developing online sales and paper-less rental process, personal costs are estimated to decrease by 10% during 2021 compared to 2020.
- In 2021, Storent Group plans to increase turnover in its countries of operation by 3% -12%, also increasing the profitability by 1% -9% as a result of the performed efficiency activities.
- Storent Holding Finland Oy has agreed to postpone the repayment of loan to Levina Investments S.a.r.l. by additional year, and the final due date of the loan is December 2022. Amendments to agreement have been signed.
- In January and February 2021, Storent Investments AS repurchased bonds issued in 2017 (due in June 2021) in total amount of EUR 1 050 000. In addition, in February 2021, Storent Investments AS exchanged bonds issued in 2017 (due in June 2021) to bonds issued in 2020 (due in October 2023) in total amount of EUR 1 424 200. The Company plans to settle the remaining bonds issued in 2017 (maturing in June 2021) in the amount of EUR 1 575 800 by the specified maturity from the funds at its disposal, positive cash flows from operating activities, as well as repayment of issued loans.
- Storent SIA and Storent Oy continue to perform optimization of the rental equipment fleet by selling old and not-in-demand equipment. By the date of issuing these financial statements, both companies have sold equipment with the net book value EUR 3 148 186 for total gross proceeds of EUR 3 405 972.

28. **Going concern** (cont.)

Although measures applied by the local government differ country by country, the construction industry, as at the date of the issuance of these financial statements, is not restricted in any country where Storent Group companies operate. Storent Group has experienced a few economic crises, and its strategy always was to be more active and use the market potential. In March 2020, the Group launched a new sales platform that allows to rent equipment without coming to rental depo in Baltic countries and, in October 2020, the online rental platform was launched in Finland and Sweden. Simplified processes with a powerful online platform are available for customers on PC, while it is primarily designed for mobile use. Removal of paper from day-to-day processes to be replaced with digital signatures, smart ID and other electronic signatures that are more and more used in rental deals in the Group, especially now when personal contact should be minimized. All our depos continue to serve customers in a safe way in our premises, all equipment that we deliver to customers is disinfected.

Equipment rent is very closely related to construction activities and, management estimates that constructions industry will recover slowly 2021. European Rental Association estimates decrease of European rental market in 2020 by 10,4% and forecasts its growth by 4,8% in 2021. 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 profitability indicators. Taking into account the information currently available to the public, the current key performance indicators of the Storent Group and the actions taken by management, the above circumstances are not expected to have a further direct and material adverse effect on the Storent Group, its operations, financial condition and results of operations. However, management cannot rule out the possibility that the possible reinforcement of security measures introduced by governments or the negative impact of such measures on the economic environment in which the Storent Group operates, could adversely affect the Storent Group, 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 Company's ability to meet the terms and conditions of the loan agreements and payment terms. We will continue to monitor the situation closely and take the necessary steps to mitigate the effects of new events and circumstances.

As at the date these separate financial statements have been authorized for issue, the Company management concluded that the Company will have sufficient resources to meet its liabilities as they fall due and to continue as a going concern in the foreseeable future, and there is no material uncertainty related to it. As such, these separate financial statements have been prepared on the basis that the Company will continue as a going concern, and do not include any adjustments that might be necessary if the going concern assumption would not be applicable.

29. Post balance sheet events

Non-adjusting events

In 2021, in order to meet minimal capital requirements according to respective country laws, the Company invested into share capital of Lithuanian subsidiary Storent UAB in total amount of EUR 1 900 000, which it used, among others, to settle liabilities towards Storent Investments AS.

In January and February 2021 Storent Investments AS repurchased bonds issued in 2017 (due in 2021) in total amount of EUR 1 050 000. In addition, in February 2021 Storent Investments AS exchanged bonds issued in 2017 (due in June 2021) to bonds issued in 2020 (due in 2023) in total amount of EUR 1 424 200.

In April 2021, the Company’s subsidiary Storent SIA signed an agreement for sale of scaffolding in the amount of EUR 3.2 million to a splitrent vendor, using the funds to settle its liabilities, including to Storent Investments AS. Storent group will continue to rent scaffolding through the split-rent platform.

Storent Holding Finland Oy has agreed 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 2022. Amendments to the agreement have been signed in January 2021.

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

These separate financial statements were signed on 30 April 2021 on the Company’s behalf by:

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

* * *

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Independent Auditors' Report

To the shareholders of Storent Investments AS

Report on the Audit of the Separate Financial Statements

Our Opinion on the Separate Financial Statements

We have audited the accompanying separate financial statements of Storent Investments AS ("the Company") set out on pages 7 to 40 of the accompanying separate Annual Report, which comprise:

- the separate statement of financial position as at 31 December 2020,
- the separate statement of comprehensive income for the year then ended,
- the separate statement of changes in equity for the year then ended,
- the separate statement of cash flows for the year then ended, and
- the notes to the separate financial statements, which include a summary of significant accounting policies and other explanatory notes.

In our opinion, the accompanying separate financial statements give a true and fair view of the separate financial position of Storent Investments AS as at 31 December 2020, and of its separate financial performance and separate cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union.

Basis for Opinion

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

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

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

Key Audit Matters

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

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

Going concern	
Key audit matter	*Our response*
The Company's separate financial statements are prepared on a going concern basis. The World Health Organization declared on 11 March 2020 the coronavirus (COVID-19) outbreak a pandemic, and on 12 March 2020 the government of Latvia declared state of emergency and various lockdown measures. These measures taken by the government to counter the effects of the outbreak include certain border closure, quarantine, severe limitations imposed on cross-border and domestic transportation, ban on social, cultural, leisure or sport events, among other things. As a consequence, the Company was forced to adapt its operations to decreased activity in the construction market and remote working, as well as faced certain difficulties in fully refinancing its borrowings. Due to these conditions during 2020, the Company experienced deteriorating profitability, which resulted in the net loss for the reporting year, and, combined with significant borrowings approaching maturity in 2021, working capital deficit as at 31 December 2020. The Company's operations are dependent on the operations of its subsidiaries; therefore, its going concern assessment was based on Storent Investments AS group cash flows forecast, which, in the Management Board's view, supports the assertion that the Company will have sufficient resources to continue for a period of at least 12 months from the reporting date. The preparation of these forecasts incorporated a number of assumptions and significant judgment, including those considered by the Management Board to be severe but plausible, such as an extended negative impact on construction industry and a substantial decrease in incoming cash	Our audit procedures included, among others: • understanding the Company's business planning process, including the assessment of its ability to continue as a going concern, and the preparation and validation of cash flow forecasts used in the assessment, and also testing the design and implementation of the Company's risk assessment and monitoring controls; • inspecting the Management Board's going concern assessment, including their evaluation of the business/operating and liquidity risks, and plans for further actions in response to the risks identified. As part of the procedure, we also made corroborating inquiries of the Company's Management Board and CFO; • independently, with the assistance of our valuation specialists, where applicable, evaluating the reasonableness and feasibility of the plans for future actions, by reference to the preceding procedure as well as by performing the following: — challenging the key assumptions used in the determination of the prospective financial information. This primarily included challenging the forecast amounts of sales and cash inflows, forecast amounts of expenses and cash outflows, capital expenditure and the timing of settlements of the Company's liabilities, based on our understanding of the Company's activities and by reference to publicly available industry/market reports; — performing an analysis of the going concern conclusion's sensitivity to

flows required to service scheduled settlements of the Company's liabilities. As part of the assessment, the Company also considered a number of actions aimed at alleviating the potential disruption to its business and liquidity position, such as liquid funds received from the Company's subsidiaries as a result of their sales of fixed assets and further cost cutting initiatives.

The Management Board concluded that the range of possible outcomes considered at arriving at this judgment does not give rise to material uncertainties related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. Note 28 further explains how the judgment was formed.

The COVID-19 pandemic is an unprecedented challenge for humanity and for the economy globally, and at the date of approval of the separate financial statements for issue, its effects are subject to significant levels of uncertainty. The Company's use of the going concern basis of accounting is a key audit matter due to the associated extent of uncertainty, and consequently, high level of judgment required in evaluating the Management Board's plans for future actions and their financial impact.

changes in the aforementioned key assumptions adopted in the going concern assessment, and considering whether there were any indicators of management bias in the assessment;

— Assessing the availability and terms and conditions of existing financing facilities and arrangements, by inspecting underlying documentation, such as agreements, and assessing the impact of any covenants and other restrictive terms therein.

- considering whether any additional relevant facts or information have become available since the date on which the Company made its assessment;
- evaluating the appropriateness of Company's disclosures in respect of the going concern assessment, subsequent events and any related uncertainties in the separate financial statements in line with the applicable requirements of the relevant financial reporting standards.

Impairment of intangible assets and investments in subsidiaries

The Company's intangible assets as at 31 December 2020 amounted to EUR 1 887 127 (31 December 2019: EUR 1 618 470) and investments in subsidiaries as at 31 December 2020 amounted to EUR 37 389 276 (31 December 2019: EUR 33 529 851). Non-financial asset impairment charge for the year ended 31 December 2020 amounted to EUR 3 419 293 (year ended 31 December 2019: EUR 303 326).

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

Key audit matter

Due to the fact that impairment indicators were identified as at 31 December 2020, as discussed in Note 11, the Company estimated the recoverable amount of its investments in subsidiaries to which development of intangible assets is allocated and recognized an impairment loss at the above date.

The assessment of the recoverable amount and impairment of the Company's intangible assets and investments in subsidiaries balances incorporated significant management judgement in respect of assumptions such as forecast operating performance, timing of resulting cash collections and disbursements, as well as discount rates. Small changes in the above assumptions can result in materially different outcomes. This, therefore, gives rise to inherent estimation uncertainty related to the carrying amount of these assets recorded in the separate financial statements.

Due to the above factors, we considered impairment of intangible assets and investments in subsidiaries to be a key audit matter.

Our response

Our audit procedures included, among others:

- evaluating against the requirements of the relevant financial reporting standards the Company's accounting policy for identification of impairment, and measurement and recognition of any impairment losses in respect of intangible assets and investments in subsidiaries;
- understanding the Company's and its subsidiaries' business planning process, including the preparation and validation of financial and cash flow forecasts and testing the design and implementation of selected key internal controls over the Company's business planning process;
- assisted by our own valuation specialists, challenging the reasonableness of the key assumptions used in the determination of the prospective financial information, such as the forecast amounts of sales and timing of cash collections, forecast amounts of expenses and capital expenditure, and timing of cash disbursements, discount rate and terminal growth rate based on our understanding of the Company's and its subsidiaries' activities and by reference to publicly available industry/market reports;
- considered the reasonableness of the Company's performed sensitivity analysis showing the impact of a reasonable change in the impairment testing

assumptions, to determine whether an impairment charge was required;

- performing independent sensitivity analysis, including assessing the effect of a reasonably possible change in the key assumptions;
- considered whether the Company's disclosures regarding the sensitivity of the outcome of the impairment testing to changes in key assumptions complete and accurately reflected the estimation uncertainty in the valuation in line with the applicable requirements of the relevant financial reporting standards.

Other Matter

The corresponding figures presented are based on separate financial statements of the Company as at and for the year ended 31 December 2019, which were audited by another independent auditors whose report dated 29 April 2020 expressed an unqualified opinion.

Reporting on Other Information

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Auditors' Responsibility for the Audit of the Separate Financial Statements

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

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

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

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

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

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

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

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

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

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

Report on Other Legal and Regulatory Requirements

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

We were appointed by the Company's shareholders meeting on 13 October 2020 to audit the separate financial statements of Storent Investments AS for the year ended 31 December 2020. Our total uninterrupted period of engagement is 1 year, covering the period ending 31 December 2020.

We confirm that:

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

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

KPMG Baltics AS
Licence No. 55

Armine Movsisjana
Chairperson of the Board
Latvian Sworn Auditor
Certificate No. 178
Riga, Latvia
30 April 2021

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