JOINT-STOCK COMPANY

STORENT HOLDING

(REGISTRATION NUMBER 40203174397)

CONSOLIDATED ANNUAL REPORT 2023

PREPARED IN ACCORDANCE WITH THE
IFRS ACCOUNTING STANDARDS
AS ADOPTED BY THE EUROPEAN UNION
AND INDEPENDENT AUDITORS' REPORT

Riga, 2024

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

CONTENTS

General information

Name of the Group's Parent company	Storent Holding (previously until 05.03.2024 – Storent Holdings)
Legal status of the Group's Parent company	Joint-stock company (previously until 05.03.2024 – limited liability company)
The Group Parent company's registration number, place and date	40203174397 Riga, 11 October 2018
Registered address of the Group's Parent company	15a Matrozu Street, Riga, LV-1048, Latvia
Shareholders of the Group's Parent company	Supremo SIA (Latvia) 50%, Andris Pavlovs, since 28.12.2022 EEKI SIA (Latvia) 50%, Eri Esta, since 28.12.2022 Supremo SIA (Latvia) 33,33%%, Andris Pavlovs, till 28.12.2022 EEKI SIA (Latvia) 33,33%%, Eri Esta, till 28.12.2022 Bomaria SIA (Latvia) 33,33%, Andris Bisnieks till 28.12.2022
Members of the Board	Andris Pavlovs, Chairman of the Board Eri Esta, Member of the Board
Supervisory Board	Baiba Onkele, Chairperson of the Supervisory Board (from 05.03.2024) Deniss Mironcevs, Deputy Chairman of the Supervisory Board (from 05.03.2024) Anzela Serkevica, Member of the Supervisory Board (from 05.03.2024)
Group's type of operations	Renting and leasing of construction machinery and equipment
Group's NACE code	77.32 (2.0 rev) Rental and leasing of construction and civil engineering machinery and equipment
Independent auditor and sworn auditor name and address	KPMG Baltics SIA Roberta Hirša street 1, Riga Latvia, LV – 1045 License No. 55 Armine Movsisjana Latvian Sworn Auditor Certificate No. 178

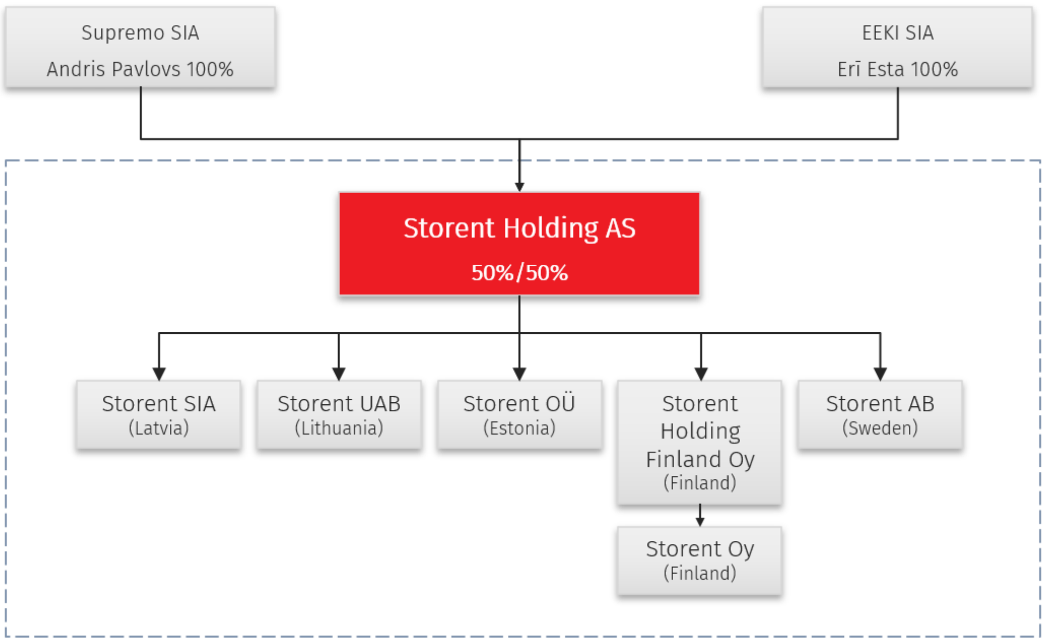
Management report

The Group's type of operations

Storent Group's first entity was founded in Latvia in 2008 with the primary goal of establishing itself as the most efficient and innovative construction equipment rental company in the Baltics and the Nordic countries. Currently, the Group is operating in Europe with 27 rental depos over five countries.

The Group's objective is to provide customers with rental equipment solutions through innovative digital tools, team expertise and excellent quality service in all five operational countries. Online sales channel with advanced IT solutions ensures an efficient rental process with competitive pricing. A team of experts gives the best quality service and therefore guarantees long-term collaboration with partners and clients.

Storent Holding AS (hereinafter – the Group's Parent company or Storent Holding) was established on 11 October 2018. On 28 December 2022, Storent Holding acquired all shares of Storent Investments AS and SEL Investments SIA (hereinafter – the Group). In 2023, Storent Holdings completed two internal reorganizations within the Storent Group. SIA "SEL Investments" was merged into SIA "Storent Investments", and indirect subsidiaries SIA "SELECTIA" and SIA "SELECTIA PLUS" were merged into SIA "Storent". In March of 2024 Storent group's legal structure was simplified even further. The shares of SIA "Storent" (Latvia), Storent OÜ (Estonia), UAB "Storent" (Lithuania), Storent Holding Finland Oy (Finland), and Storent AB (Sweden) from Storent Investments were invested into Storent Holdings as contributions in kind and all other assets, including intangible assets, and liabilities of Storent Investments, except for its investment in subsidiary registered in Kaliningrad, were contributed into Storent Holding AS as well. The remaining Storent Investments AS legal entity containing only the investment in Storent OOO, a company registered in the Kaliningrad region, Russia, was sold to third parties and excluded from the Storent Holding Group. As a result of this reorganization, the share capital of Storent Holdings was increased to 33.5 million euros. Additionally, the corporate name of Storent Holdings was changed to Storent Holding and its corporate form was altered from a limited liability company (sabiedrība ar ierobežotu atbildību or SIA) to a joint-stock company (akciju sabiedrība or AS). The new structure of the Storent Group is illustrated below.



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

2023 was the first year for the Storent Group operating with the new ownership structure and the main emphasis was on the further growth of the rental business. Although the mood in the construction industry was cautious at the beginning of the reporting year, the total construction volume in the Baltic region increased by 14%. Storent Group made significant investments in the rental fleet by investing 13 million euros in new equipment; in addition, Storent continued to invest in the improvement of ERP systems, digitalization and automation of processes. Total turnover for the reporting year was 43,8 million euro, EBITDA was 13.7million and Profit before income tax was 5.5 million.
During the year the management of the Group decided to introduce changes in the accounting estimate of fixed assets depreciation, introducing residual value, as its necessity was evidenced by the profitable sale of used equipment on the secondary market. Storent Group conducted several large machinery sales auctions in Europe with very good profit indicators. That gave additional confirmation that the depreciation rates of fixed assets applied in the previous reporting periods reduced the carrying amount of the fixed assets balance

too quickly. The depreciation of fixed assets by month was recalculated accordingly for the whole year 2023, which brought about changes in the previously published unaudited quarterly results for 2023.
In addition, at the end of the reporting year and following significant growth in equipment prices, the Storent Group introduced changes in the accounting policy to measure fixed assets – machinery and equipment – applying revaluation method. The fair value of the fixed assets was determined by engaging certified independent appraisers. As of December 31, 2023, the revaluation of rental fixed assets created a revaluation reserve of 40.4 million euros, which is reflected in the Group's equity. This substantial difference can be attributed to the high inflation in recent years and an even more significant increase in prices for new and used construction equipment, which has increased by 10% to 20% following the global macroeconomic and geopolitical trends, e.g. the rising price of metal. The change has been most pronounced in 2023.

Storent Holding financial indicators, thousands euro	2023	2022 *	Difference %
Net revenue	**42 667**	**41 751**	**2.2%**
Total revenue	**43 753**	**44 947**	**-2.7%**
EBITDA	**13 735**	**13 827**	**-0.7%**
EBITDA %	31%	31%	
Net result	**4 781**	**2 200**	**17.3%**
Net result %	10.9%	5%	

*Presented numbers for Y2022 are the adjusted results for the Group as if it existed from 1 January 2022, which combines Storent Holding AS, Storent Investments AS (consolidated) and SEL Investments SIA and its subsidiaries SELECTIA SIA and SELECTIA PLUS SIA statements of comprehensive income for 2022. The Group management considers these numbers to provide a reference point for comparison of the results of the Group. For detailed information please see Note 35.

In 2023, Storent successfully completed its bond issue program, raising 15 million euros. The funds from both tranches of this bond issue were utilized to fully settle liabilities with the previous Storent Investments AS owner, Levina Investments S.a.r.l., refinance the preceding bond program, and invest in expanding and renewing our fleet. This equipment was selected through close collaboration among country managers, taking into account each market's unique characteristics, customer needs, and future strategies. We renewed a diverse range of lifts and earthmoving equipment, and made significant investments in the telescopic handler segment.
The Group's consolidated balance sheet has a stable structure consisting of 63% shareholders equity, 24% long term liabilities and 13% short term liabilities. Non-current assets constitute 91% of the total assets. The Group's business peculiarity historically was always having a working capital deficit due to large amount of liabilities to finance investments in rental equipment. The Group considers this peculiarity and strategizes accordingly. In the reporting year the Group has doubled funds in total bank account balance at the end of the reporting period, going from one million in the end of 2022 to two million euro in the end of 2023. This amount is sufficient to ensure the Group's operational activities and have a reserve in advance. Following table shows main historical balance sheet ratios:

Thousands euro	31.12.2023	31.12.2022
Shareholder equity	**65 812**	**23 057**
Total assets	**103 796**	**51 431**
Shareholder equity to Assets	**63%**	**44.8%**
Net debt	**28 726**	**20 008**
Net debt/EBITDA	**2.09**	**1.45**

The Baltic region, which accounts for approximately 72% of the Group's net revenue, showed an increase in both, turnover and profit. In the Baltic region, the construction sector in the year 2023 has grown by 14%, compared to the year 2022 with a 25% increase in Latvia, a 17% increase in Lithuania, and 4% in Estonia. The development is promoted by large industrial projects, such as the implementation of the Rail Baltic project and related infrastructure construction, and the military sector. Especially the demand for large machinery, forklifts, telescopic loaders, etc., has risen. To get the most advantage of the market growth, this increase in profit was directed to new investments in the fleet and digitalization. Forecasts of the construction industry indicate that the positive market trends will continue.

In the **Nordic countries**, because of the strategy to focus on specific product groups, Storent has been able to maintain its position in the market of individual rental products, despite the stagnation of construction volumes. In Sweden, Storent focused more on the rental of telescopic handlers and the sale of related services to become a pioneer in this niche market. The Swedish entity's equipment rental fleet was adapted and significantly supplemented to support this strategy. In addition to this, the team was trained accordingly.The Finnish company continued to operate as a niche player, offering comprehensive lifting solutions. In 2023, significant efforts were made to diversify the customer segment and thus reduce the company's dependence on the construction market. The Finnish company has managed to refocus attention on industrial customers, and greater activity was observed specifically in the Northern region of Finland. Future market forecasts show that the construction sector in the Nordic countries will stabilize and start to grow again in 2025. The Group's strategy to overcome the market drop is to continue the focus on specific product groups that prove to be in demand.

The future development of the Group

The management of the Storent Group predicts that in 2024 the turnover will continue to grow, as a result of IT system improvements ensuring increased automation and efficiency of sales processes, internal structure changes and investments in the fleet planned to exceed 20 million euros. As the development of the construction market has a big impact on the Group, the management is closely monitoring the situation and adjusting strategies in each country, where its subsidiaries operate. In addition to that, the Group is using other market opportunities to ensure optimal business returns, such as the military sector, events and farming. The focus of the Storent Group in 2024 is increasing the market share and improving the Group's profitability. After careful evaluation of the market trends and the Group management's strategies, the Group launched its next bond issue in March of 2024 raising total amount of 10 million euros. The goal of this issue is to accelerate the Group's expansion, continue enlarging the equipment park, and open new rental depots.

Please see Note 36 for the management consideration of the Group's ability to continue as a going concern.

Financial risk management

The Group's key principles of financial risk management are laid out in Note 33.

Conditions and events after the end of the reporting year

In March 2024, Storent Holding AS announced a new bond issue of EUR 7 million, that was the second bond issue in a row to be oversubscribed. As a result of the big investor interest, through issuance of bonds the Group raised a total amount of 10 million EUR in March 2024. The Group will use the proceeds for new investments, further mergers and acquisition and to refinance its liabilities.

Storent Holding is looking for further growth in all countries using investments in fleet and continuing to look for Merger and Acquisition deals. Shareholders of the Group are looking for capital increase and considering an initial public offering (IPO) to be one of the options.

In the beginning of March 2024, the Storent Holding Group underwent a legal reorganization process, which has resulted in the transfer of the shares of five subsidiaries from Storent Investments to Storent Holding, the increase of share capital of Storent Holding to EUR 33 500 000, the change in the corporate form to a joint stock company, the change in the corporate name of Storent Holdings SIA to Storent Holding AS and disposal of the indirect equity interest in Storent OOO.

From 1 January 2024, the Group's entities in all countries have completely transferred to the new cloud-based ERP system. Financial accounting has also migrated to the cloud environment with a business analytics system linked to it.

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

On behalf of the Group, the management report was signed on April 30, 2024 by:

Andris Pavlovs
Chairman of the Board

Consolidated annual report is approved in shareholders meeting on 30 April 2024

Statement of management's responsibility

The Group's management confirms that the consolidated financial statements have been prepared in accordance with the applicable legislation requirements and present a true and fair view of the Group's financial position as at 31 December 2023 and as at 31 December 2022 and its financial performance and cash flows for the years 2023 and 2022 then ended. The management report contains a clear summary of the Group's business development and financial performance. The consolidated financial statements have been prepared according to the IFRS Accounting Standards as adopted by the European Union. During the preparation of the Group's consolidated financial statements the management:

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

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

On behalf of the Group, this statement of management's responsibility was signed on April 30, 2024 by:

Andris Pavlovs
Chairman of the Board

Consolidated statement of comprehensive income

	Notes	2023 EUR	2022 EUR
Net revenue	3	42 667 128	43 578 307
Other operating income	4	1 086 126	3 617 951
Cost of materials and services	5	(15 499 946)	(26 587 864)
Personnel costs	11	(8 830 068)	(8 338 616)
Other operating expenses	6	(6 185 693)	(6 642 048)
Depreciation and amotrization	7	(6 135 910)	(5 187 395)
Imoairement gain / (loss) on trade receivables and cotract asset	17	475 170	(458 046)
Impairement loss on goodwill		-	(329 585)
Gain on bargin purchase	35(c)	-	7 270 495
Finance income	8	680 403	24 284
Finance expenses	9	(2 751 468)	(2 137 530)
Profit / (loss) before income tax		**5 505 742**	**4 809 953**
Income tax income / (expenses)	10	(690 570)	(3 426)
Deferred income tax	10	(211 891)	-
Profit/(loss) from continuing operations		**4 603 281**	**4 806 527**
Profit/(loss) from discontinuing operation, net of tax		177 782	(31 987)
Profit / (loss) for the year		**4 781 063**	**4 774 540**
Items that may be reclasified subsequently to profit or loss			
Exchange differences on foreign currency operations		(47 192)	16 335
Revaluation reserve	13	40 419 028	-
Other comprehensive income/(loss) for the year		**40 371 836**	**16 335**
Total comprehensive income/(loss) for the year		**45 152 899**	**4 790 875**

The notes on pages 13 to 61 are an integral part of these consolidated financial statements.

On behalf of the Group these consolidated financial statements were signed on April 30, 2024 by:

Andris Pavlovs
Chairman of the Board

Baiba Onkele
Chief financial officer

Consolidated statement of financial position

ASSETS

NON-CURRENT ASSETS	Note	31.12.2023 EUR	31.12.2022 EUR
Intangible assets			
Licences and similar rights		44 084	57 708
Computer software		2 364 665	2 018 611
Intangible assets in progress		252 950	-
Goodwill		10 987 122	10 987 122
TOTAL Intangible assets	12	**13 648 821**	**13 063 441**
Property, plat and equipment			
Land and buildibgs		178 335	189 014
Machinery and equipment		53 397 924	17 921 810
Other fixed assets		300 582	352 439
Creation of property, plat and equipment		706 589	-
TOTAL Property, plat and equipment	13	**54 583 430**	**18 463 263**
Right of use assets			
Right of use assets	14	**23 400 089**	**9 927 276**
Other non-current assets			
Loans to related parties	31(b)	3 000 000	-
TOTAL Other non-current assets		**3 000 000**	**-**
TOTAL NON- CURRENT ASSETS		**94 632 340**	**41 453 980**
CURRENT ASSETS			
Inventories	15	804 899	1 155 604
Non-current assets held for sale	16	188 820	217 933
Trade and other receivables			
Trade receivables	17	5 768 478	7 417 358
Contract assets	18	1 143	2 666
Other receivables	19	362 880	280 352
Deferred expenses	20	320 117	227 830
TOTAL Receivables		**6 452 618**	**7 928 206**
Cash and cash equivalents	21	1 717 088	675 052
TOTAL CURRENT ASSETS		**9 163 425**	**9 976 795**
TOTAL ASSETS		**103 795 765**	**51 430 775**

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On behalf of the Group these consolidated financial statements were signed on April 30, 2024 by:

Andris Pavlovs
Chairman of the Board

Baiba Onkele
Chief financial officer

Consolidated statement of financial position

EQUITY AND LIABILITIES

	Note	31.12.2023 EUR	31.12.2022 EUR
EQUITY			
Share capital	22	18 150 000	18 150 000
Reserves:			
Revaluatuon reserve	12	40 419 028	-
Foreign currency translation reserve		(78 993)	(31 801)
Other reserves		26 774	26 774
Retained earnings:			
Retained earings/ (accumulated losses)		7 294 973	4 912 380
TOTAL EQUITY		**65 811 782**	**23 057 353**
CREDITORS			
Long-term liabilities			
Issued bonds	24	14 609 965	-
Lease liabilities	25	10 071 222	3 488 376
Other borrowing	26	-	5 685 286
Deferred income	28	280 577	-
Deferred income tax liabilities	10	211 891	-
TOTAL Long-term liabilities		**25 173 655**	**9 173 662**
Short-term liabilities			
Issued bonds	24	41 250	4 898 735
Borrowings from related parties	31(d)	901 717	1 339 536
Lease liabilities	25	4 141 824	3 561 067
Other borrowing	26	676 832	1 372 568
Liabilities directly associated with the assets held for sale	16	88 820	117 933
Contract liabilities	18	459 935	337 402
Trade payables		3 882 761	5 162 359
Corporate income tax		36 835	531
Taxes and mandatory state social insurance contributions	27	541 407	680 110
Deferred income	28	94 457	49 540
Other provisions	23	310 616	128 956
Other liabilities	29	418 728	356 645
Accured liabilities	30	1 215 146	1 194 378
TOTAL Short-term liabilities		**12 810 328**	**19 199 760**
TOTAL LIABILITIES		**37 983 983**	**28 373 422**
TOTAL EQUITY ND LIABILITIES		**103 795 765**	**51 430 775**

The notes on pages 13 to 61 are an integral part of these consolidated financial statements.

On behalf of the Group these consolidated financial statements were signed on April 30, 2024 by:

Andris Pavlovs
Chairman of the Board

Baiba Onkele
Chief financial officer

Consolidated statement of cash flows

	Notes	2023	2022
Cash flows from operating activities		**EUR**	**EUR**
Profit for the year		4 781 063	4 774 540
Adjustments:			
Income tax expenses		902 461	3 426
Amortisation of intagible assets and depreciation of fixed assets, plant and equipment	12,13,14	6 135 910	5 187 395
Net result on diposal of property, plant and equipment		(140 970)	(887 589)
Interest expenses	9	2 386 048	1 984 104
Interest income		(219 486)	-
Provision decrease		181 660	(9 948)
Impairment losses on intangible asets and goodwill		-	329 585
Gain on bargain purchase	35(c)	-	(7 270 495)
Cash flows from operating activities before changes in working capital		***14 026 686***	***4 111 018***
Receivables (increase)/ decrease		1 695 074	673 967
Inventories decrease / (increase)		379 818	301 862
Payables (decrease) / increase		(1 377 454)	297 183
Gross cash flows from operating activities		***14 724 124***	***5 384 030***
Interest paid		(2 241 914)	(1 519 240)
Corporate income tax paid		(654 266)	(16 940)
Net cash flows from operating activities		**11 827 944**	**3 847 850**
Cash flows from investing activities			
Cash in subsidiary at the aquistion moment	35(b)	-	173 490
Purchase of intangible assets and property, plant and equipment		(3 359 948)	(2 824 088)
Proceeds from sale of property, plant and equipment		1 513 895	5 649 303
Loans granted		(3 000 000)	-
Net cash flows from investing activities		**(4 846 053)**	**2 998 705**
Cash flows from financing activities			
Proceeds from bonds		15 000 000	**-**
Proceeds from borrowings from related parties		-	650 000
Repayment of bonds		(4 870 500)	-
Repayment of other borrowings		(6 879 077)	(2 795 101)
Repayment of lease liabilities		(6 744 616)	(4 963 004)
Paid dividends		(2 398 470)	-
Net cash flows from financing activities		**(5 892 663)**	**(7 108 105)**
Foreign currency exchange		**(47 192)**	**16 335**
Net cash flows for the years		**1 042 036**	**(245 215)**
Cash and cash equivalents at the beginning of the reporting year		675 052	920 267
Cash at the end of the reporting year	21	**1 717 088**	**675 052**

The notes on pages 13 to 61 are an integral part of these consolidated financial statements.
On behalf of the Group these consolidated financial statements were signed on April 30, 2024 by:

Andris Pavlovs
Chairman of the Board

Baiba Onkele
Chief financial officer

Consolidated statement of changes in equity

	Share capital	Foreign currency translation reserve	Revaluation reserve**	Other reserves*	Retained earnings / (losses)	Total
	EUR	EUR	EUR	EUR	EUR	EUR
Balance at 31 December 2021	**150 000**	**(48 136)**	**-**	**26 774**	**11 985 211**	**12 113 849**
Profit for the year	-	-	-	-	4 774 540	**4 774 540**
Other comprehensive expenses	-	16 335	-	-	-	**16 335**
Transactions with owners of the Company						
Recapitalization 28 December 2022	12 000 000	-	-	-	(11 847 371)	**152 629**
Share capital increase	6 000 000	-	-	-	-	**6 000 000**
Balance at 31 December 2022	**18 150 000**	**(31 801)**	**-**	**26 774**	**4 912 380**	**23 057 353**
Profit for the year	-	-	-	-	4 781 063	**4 781 063**
Other comprehensive icome / (expenses)	-	(47 192)	40 419 028	-	-	**40 371 836**
Transactions with owners of the Company	-	-	-	-	-	**-**
Dividends paid	-	-	-	-	(2 398 470)	**(2 398 470)**
Balance at 31 December 2023	**18 150 000**	**(78 993)**	**40 419 028**	**26 774**	**7 294 973**	**65 811 782**

* One of the Group's subsidiaries has an obligation to allocate certain percentage from financial year's profit to reserves.
** Please see Note 13.

The notes on pages 13 to 61 are an integral part of these consolidated financial statements.

On behalf of the Group these consolidated financial statements were signed on April 30, 2024 by:

Andris Pavlovs
Chairman of the Board

Baiba Onkele
Chief financial officer

Notes to the consolidated financial statements

1. General information

Storent Holding AS (hereinafter – the Group's Parent company or Storent Holding AS or Company) (until 05.03.2024 – Storent Holdings SIA) was registered in the Company Register of the Republic of Latvia on 11 October 2018. The legal status the Group's Parent company is Joint-stock company (until 05.03.2024 – limited liability company). Registered address of the Group's Parent company is 15A Matrozu street, Riga, Latvia. Starting from 28 December 2022, the shareholders of the Group's Parent company are Supremo LTD and EEKI LTD (Latvia), none of which has been identified as an ultimate controlling party. In March 2024, the Company name has changed to "Storent Holding" and the Company's legal form has changed to Joint-stock company.

The Group's Parent company's and its subsidiaries's (hereinafter – the Group) main operations relate to the rental of industrial equipment.

2. Summary of significant accounting policies

(a) Basis of preparation

The consolidated financial statements have been prepared in accordance with the IFRS Accounting Standards as adopted by the European Union (EU) and the interpretations issued by the International Financial Reporting Issues Committee as adopted by the EU. The material accounting policies applied in the preparation of these consolidated financial statements are set out below.

The consolidated financial statements have been prepared on the historical cost basis, except for Property, plant and equipment – Machinery and equipment and Right of use assets – Machinery and equipment, which are carried at revalued amounts. Income statement classified by expense type. Statement of cash flows is prepared using the indirect method.

The accompanying consolidated financial statements are presented in the official currency of the Republic of Latvia, the euro (hereinafter – EUR).

These Consolidated Financial Statements are authorized for issue by the Company's Management Board on April 30, 2024, and are subject to the approval of the shareholders. The shareholders have the right to reject these Consolidated Financial Statements prepared and issued by the Management Board and the right to request that new Consolidated Financial Statements are prepared and issued.

(b) Consolidation

As at 31 December 2023, the Group's Parent company had direct and indirect control over the following subsidiaries (hereinafter – Subsidiaries):

Name	Country	Type of business	Date of incorporation / acquisition	Share of interest
Storent Investments AS	Latvia	Holding entity	28 December 2022	100%
and its subsidiaries:				
Storent SIA	Latvia	Rental of industrial equipment	17 April 2008	100%
Storent UAB	Lithuania	Rental of industrial equipment	27 November 2008	100%
Storent OU	Estonia	Rental of industrial equipment	7 July 2009	100%
Storent Holding Finland Oy	Finland	Rental of industrial equipment	4 September 2012	100%
Storent AB	Sweden	Rental of industrial equipment	15 January 2013	100%
Storent Oy*	Finland	Rental of industrial equipment	21 December 2016	100%
Storent OOO	Russia	Rental of industrial equipment	01 August 2017	100%

*indirect shareholding

During 2023, the subsidiary SEL Investments SIA was merged with Storent Investments AS, and indirect subsidiaries Selectia SIA and Selectia Plus SIA were merged with Storent SIA. Both mergers have been finished as of 30 November 2023 with no impact on these consolidated financial statements for 2023.

2. Summary of significant accounting policies (cont.)

(b) Consolidation (cont.)

The separate financial statements of the subsidiaries have been consolidated into the Group's consolidated financial statements, consolidating the respective assets, liabilities, revenue and expense items. The subsidiaries controlled by the Group's Parent company are included in the consolidation. Control is achieved when the Group:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

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

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

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

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

Please refer to Note 35 for further details regarding the accounting for business combinations that took place in 2022.

(c) Foreign currency transactions

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

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

European Central Bank reference exchange rates:

	31.12.2023 EUR	**31.12.2022 EUR**
1 USD	0.90498	0.93755
1 GBP	1.15068	1.12748
1 NOK	0.08896	0.09511
1 SEK	0.08716	0.08991
1 RUB	0.01086	0.0127*

* Due to geopolitical situation, the last time RUB exchange rate has been published by ECB is on 1 March 2022. In order to provide users of these financial statements with more accurate information, the Group management decided to use the following rates for RUB transactions: for period 1 January 2022 till 1 March 2022 the ECB published rate has been used, while starting from 2 March 2022 and till the end of the reporting period the estimated market rate has been used, which is based on the exchange rates offered by major financial market platforms, which are providing real-time data (www.investing.com).

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

(d) Consolidation of foreign subsidiaries

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

2. Summary of significant accounting policies (cont.)

(e) Use of judgements, estimates and assumptions

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

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

Note 35 - Identification of the acquirer and Assessment whether business was acquired

On 28 December 2022, Storent Holding AS, the legal acquirer, acquired Storent Investments AS, the legal acquiree, by way of issuing its equity instruments to the shareholders of Storent Investments AS as the full amount of consideration transferred. On identification of the acquirer in the business combination, the management considered the following factors:

- Storent Investments AS is a business as per IFRS 3 requirements;
- Storent Holding AS before the acquisition had limited operations, and Storent Investments AS (consolidated) was significantly larger than Storent Holding AS in terms of assets and revenues;
- Based on the amount of equity instruments issued to effect the acquisition, Storent Investments AS previous shareholders obtained the majority of voting interest in Storent Holding AS post-acquisition.

Based on the above, the management assessed that this business combination has to be accounted for as a reverse acquisition, and Storent Holding AS consolidated financial statements to be prepared as a continuation of Storent Investments AS consolidated financial statements.

SEL Investments SIA and its subsidiaries SELECTIA SIA and SELECTIA PLUS SIA own around 50% of the construction equipment fleet that Storent Investments AS group operates and have limited other clients. SEL Investments subgroup has been determined to have an integrated set of activities and assets, including relevant inputs and processes that are applied to those inputs, to be considered a business as per IFRS 3 requirements.

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

The Group's management reviews the carrying amounts of intangible assets, including goodwill, and property, plant and equipment, and assesses whether indications exist that the assets' recoverable amounts are lower than their carrying amounts. The Group's management calculates and records an impairment loss on intangible assets and fixed assets based on the estimates related to the expected future use, planned liquidation or sale of the assets. Taking into consideration the Group's planned level of activities and the estimated value in use of the assets, the Group's management considers that no significant adjustments to the carrying values of intangible assets and fixed assets are necessary as of 31 December 2023.

Note 13 – Fair value of machinery and equipment

As at 31 December 2023 The Group has changed its accounting policy to measure its machinery and equipmentat fair value. These assets primarily include specialized machinery and equipment used in the Group's economic activities. The fair value measurements are based, where available, on market data inputs obtained from reputable sources and independent appraiser. The Group has, generally, used two methods to estimate the fair value of the individual assets – for equipment with individual serial numbers the Market approach was used, while for non-serial equipment the Depreciated Replacement Cost Method was used.

Note 16 – Fair value less costs to sell of disposal group held for sale

The disposal group that are classified as held for sale has to be measured at the lower of carrying amount and fair value less costs to sell. Considering the geopolitical situation, the Group has limited opportunities to manage and develop its subsidiary in Russia. Taking into consideration the Group's plan to sell the subsidiary it was measured at fair value less costs to sell based on the management's best estimate of fair value less costs to sell of the disposal group, taking into account non-binding indications of the possible sales price. Losses from impairment of goodwill and remeasurement of disposal group are recognized in consolidated statement of comprehensive income.

2. Summary of significant accounting policies (cont.)

(f) Fair value

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

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

(g) Business combinations

According to IFRS 3 Business ir an integrated set of activities and assets that is capable of being conducted and managed for the purpose of providing goods or services to customers, generating investment income (such as dividends or interest) or generating other income from ordinary activities. A business combination is defined as a transaction or other event in which an acquirer (an investor entity) obtains control of one or more businesses. Identifying a business combination transaction requires the determination of whether what is acquired constitutes a 'business' as defined in IFRS 3, and control has been obtained. On business combinations:

- identifiable assets and liabilities acquired are measured at fair value;
- goodwill recognized as an asset and gain on bargain purchase as an income;
- transactions costs are expensed when incurred;
- deferred tax on initial temporary differences recognized as assets and liabilities;
- contingent consideration recognized at fair value at acquisition date, subsequent changes to the profit or loss if not initially classified as equity.

(h) Segment information

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

(i) Revenue recognition

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

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

The following criteria are used for determination of contractual relations:

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

2. Summary of significant accounting policies (cont.)

(i) Revenue recognition (cont.)

Determination of contract performance obligation.

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

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

Determination of transaction price

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

Attribution of the transaction price to the performance obligation

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

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

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

Transport and related services revenue

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

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

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

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

Contract assets and liabilities

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

(j) Employee benefits

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

2. Summary of significant accounting policies (cont.)

(k) Income tax

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

Current tax

Corporate income tax for the reporting year (Lithuania)

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

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

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

Corporate income tax for the reporting year (Finland)

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

Corporate income tax for the reporting year (Sweden)

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

Deferred tax

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

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

The Group has evaluated the expected timing of reversal of taxable temporary differences, and concluded that these are mostly expected to be set-off using the unused tax losses carried forward. As the remaining amount of taxable temporary differences is assessed as not material, it is not presented separately.

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

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

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

As a parent controls the dividend policy of its subsidiaries, it is able to control the timing of the reversal of temporary differences associated with these investments including the temporary differences arising from undistributed profits. Therefore, in the consolidated financial statements the Group could recognize deferred tax assets and liabilities in the respect of its investments in subsidiaries using tax rate applicable to distributed profits. In cases the parent has determined that subsidiary's profits will not be distributed in the foreseeable future the parent does not recognize a deferred tax assets and liabilities. As at 31 December 2023, the parent company has determined that a certain amount of the subsidiary's in Latvia profits will be distributed in the beginning of 2024. As a result, the Group has recognized deferred tax liability in the amount of EUR 211 891.

2. Summary of significant accounting policies (cont.)

(l) Finance income and finance costs

The Group's finance income and finance costs include:

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

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

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

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

(m) Intangible assets

Goodwill

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

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business less accumulated impairment losses, if any. Impairment test is performed annually or more frequently if events or changes in circumstances indicate that it might be impaired. For the purpose of impairment testing, recoverable amount - value in use - is determined by discounting the future cash flows generated from the continuing use of assets and was based on the following key assumptions: Cash flows were projected based on financial budgets approved by the management covering a five-year period. Each of the Group's subsidiaries was determined to be a separate cash-generating unit ("CGU"). Cash flows were calculated separately for each CGU, key assumptions for calculations are the same for all CGU: five-year business plan for each CGU, discount factor, which is based on WACC calculation, and Group total interest bearing debt was divided between each CGU according to fleet proportion. The five-year business plan is based on the following assumptions: Group's amortisation and depreciation costs, IT costs, management fee, insurance costs and interest expenses are allocated to individual budget of each CGU according to fleet proportion allocated. Fleet proportion was calculated as a percent from total Group fleet according to fleet location to the date, when impairment test was performed, and adjusted for expected changes in fleet location based on business plan assumptions. By using the same fleet proportion all Group's liabilities for equipment purchase are allocated in impairment calculation. Loss from goodwill impairment is recognized in consolidated statement of comprehensive income. Please, also refer to Note 12.

Other intangible assets

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

Development costs of intangible assets

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

2. Summary of significant accounting policies (cont.)

(m) Intangible assets (cont.)

Amortisation

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

Trademarks and domains	5 years
Software licenses	3 years

(n) Property, plant and equipment

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

Until 30.12.2023 Property plant and equipment, including machinery and equipment is stated at historical cost less accumulated depreciation and impairment. At 31.12.2023 the Group management has changed accounting policy in respect of machinery and equipment to carry such assets at revalued amounts being the fair value at the date of revaluation, less any accumulated depreciation and accumulated impairment losses. Revaluations are performed with sufficient regularity such that the carrying amount does not differ materially from that which would be determined using fair values at the reporting date. The management of the Group believes that such change in the accounting policy will more appropriately reflect the Group's statement of financial position. The impact of the change is presented in the current reporting period.

Starting from 1 January 2023 prospectively, the management of the Group has changed the accounting estimate of fixed assets depreciation by introducing residual value at the end of the useful life (previously residual value was presumed to be zero). Residual value is estimated as a certain percentage from the acquisition value of the particular fixed asset and is based on the management's historical experience in sales of used fixed assets. The management of the Group believes that such change in the depreciation estimate will more appropriately reflect the Group's statement of financial position and financial results. The residual value of property, plant and equipment for current period is determined as follows:

Machinery and equipment	0% - 35%
Other	0% - 20%

Depreciation is calculated using the straight-line method. The estimated useful lives of property, plant and equipment for current and comparative periods are as follows (there were no changes in depreciation periods due to indroduction of scrap value):

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

2. Summary of significant accounting policies (cont.)

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

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

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

Depreciation is calculated based on the cost of items of property, plant and equipment less their estimated residual value using the straight-line method over their estimated useful lives, and is recognised in comprehensive income. Each part of an item of property, plant and equipment with a cost that is significant in relation to the total costs of the item is depreciated separately. Any gain or loss on disposal of an item of property, plant and equipment is recognised in comprehensive income.

Depreciation methods, useful lives and scrap values are reviewed at each reporting date and adjusted, if appropriate, to reflect the Group's management current view on their remaining useful lives in the light of changes in technology, the remaining prospective economic utilization of the assets and their physical condition. The Group has fixed assets that are fully amortized and still are in use.

The Group measures machinery and equipment at revalued amount being the fair value at the date of revaluation, less any accumulated depreciation and accumulated impairment losses. Any revaluation increase arising on the revaluation of such assets is credited to the revaluation or fair value reserve, except to the extent that it reverses a revaluation decrease for the same asset previously recognised as an expense, in which case the increase is credited to statement of comprehensive income to the extent of the decrease previously expensed. A decrease in carrying amount arising on the revaluation of such assets is charged as an expense to the extent that it exceeds the balance, if any, held in the revaluation or fair value reserve relating to a previous revaluation of that asset.

Depreciation on revalued assets is recognised in statement of comprehensive income. On the subsequent sale or retirement of a revalued asset, the attributable revaluation surplus remaining in the revaluation or fair value reserve is transferred directly to retained earnings.

The fair value measurements are based on reputable market sources and independent appraiser estimates. For detailed information please see Note 13.

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

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

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

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

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

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

(p) Borrowings

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

(q) Inventories

Inventories are stated at the lower of cost and net realizable value.
Costs incurred in bringing the inventories to their present location and condition is measured for as follows:
- Consumables and finished goods are measured at cost of purchase applying "first in first out" (FIFO) method;
Net realizable value is the estimated selling price in the ordinary course of business, less all estimated costs of completion and costs necessary to make the sale, as well as assesses the physical condition of inventories during the annual stock count. Net realizable value is stated as cost less allowances.

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

Non-current assets and disposal groups that will be recovered through sale rather than through continuing use are classified as non-current assets and disposal groups classified as held for sale. An asset or a disposal group held for sale is measured at the lower of its previous carrying value and fair value less costs to sell.

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

- The non-current asset or disposal group must be available for immediate sale in its present condition subject only to terms that are usual and customary for sale of such assets or disposal groups; and
- Its sale must be highly probable, i.e.
  - management must be commited to a plan to sell the non-current assets or disposal group;
  - an active program to locate a buyer and complete the plan must be initiated;
  - the non-current assets or disposal group must be actively marked for sale ar a reasonable price in relation to its current fair value;
  - the sale should be expected to qualify for recognition as a completed sale within one year from date of classification;
  - actions required to complete the plan should indicate that it is unlikely that the plan be changed significantly or be withdrawn.

Non-current assets that are classified as held for sale are measured at the lower of carrying amount and fair value less costs to sell.

At the end of the reporting year 2022, the Group management had commited to a plan to sell a subsidiary company. This subsidiary is presented as a disposal group held for sale. Expected fair value less costs to sell is lower than the net carrying amount of the disposal group's assets and liabilities. Remeasurement loss on a reclassification of disposal group as held for sale is allocated first to impairment loss on goodwill, and then to the remaining assets. Please see Note 16.

(s) Cash and cash equivalents

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

(t) Contingent liabilities and assets

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

2. Summary of significant accounting policies (cont.)

(u) Provisions

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

(v) Financial assets and financial liabilities

Financial assets

Recognition, classification and subsequent measurement

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

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

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

A financial asset is derecognized if:

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

Impairment of financial assets

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

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

2. Summary of significant accounting policies (cont.)

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

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

Factoring

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

Financial liabilities

Recognition, classification and subsequent measurement

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

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

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

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

Offsetting

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

(w) Leases

The Group as lessor

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

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

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

The Group as lessee

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

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

2. Summary of significant accounting policies (cont.)

(w) Leases (cont.)

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

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

The lease liability is presented as a separate line in the statement of financial position. Group lease payments are based on concluded financial lease agreements with fixed lease payment schedule.
The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

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

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

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses, except for right-of-use assets for equipment and machinery, which are measured at revalued amount being the fair value at the date of revaluation, less any accumulated depreciation and accumulated impairment losses, same as similar fixed assets. See also Note 2. (n).

Right-of-use assets are depreciated over the period of the lease term or the useful life of the underlying asset if it is longer and the asset's ownership is transferred to the Group after the end of the lease term.

2. Summary of significant accounting policies (cont.)

(x) Related party transaction

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

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

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

(y) Post balance sheet events

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

(z) IFRS Accounting Standards changes

New standards and amendments to standards, including any consequential amendments to other standards, effective for annual periods beginning on 1 January 2023, have not had a material impact on these consolidated financial statements.

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

A number of new standards are effective for annual periods beginning after 1 January 2023 and earlier application is permitted; however, the Group has not early adopted the new or amended standards in preparing these consolidated financial statements.

The following new and amended standards effective for annual periods beginning after 1 January 2023 are not expected to have a significant impact on the Group's consolidated financial statements:

- Classification of Liabilities as Current or Non-current (Amendments to IAS 1).
- Non-current Liabilities with Covenants (Amendments to IAS 1)
- Lease Liability in a Sale and Leaseback (Amendments to IFRS 16).
- Supplier Finance Arrangements (Amendments to IAS 7 and IFRS 7)
- Lack of Exchangeability (Amendments to IAS 21)
- IFRS 18 Presentation and Disclosure in Financial Statements

IFRS Accounting Standards 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 2023 (effective dates refer to IFRS Accounting Standards, as issued by the IASB).

The Group anticipates that the adoption of these new standards and amendments to the existing standards will have no material impact on the consolidated financial statements of the Group in the period of initial application.

3. Net revenue and operating segments

Net revenue by products and services	2023 EUR	2022 EUR	2023 Discontinued* EUR	2022 Discontinued* EUR
Rental revenue – own equipment	21 712 188	5 707 855	707 477	862 229
Rental revenue – sub-lease of right-of-use assets (see also Note 14)	4 706 655	4 168 112	-	-
Rental revenue – equipment under split rent arrangements (see also Note 14)**	6 907 316	22 855 228	15 439	30 495
TOTAL Rental income:	**33 326 159**	**32 731 195**	**722 916**	**892 724**
Transport and related services revenue	7 607 979	9 866 668	43 019	59 770
Revenue from sale of inventories	1 785 341	1 034 117	9 705	12 466
Cash discounts to customers	(52 351)	(53 673)	-	-
TOTAL Revenue from contracts with customers:	**9 340 969**	**10 847 112**	**52 724**	**72 236**
TOTAL:	**42 667 128**	**43 578 307**	**775 640**	**964 960**

*Please see Note 16
** Rental revenue from equipment under split rent arrangements have decreased due to the Group structure changes – starting from 28 December 2022 Selectia SIA and Selectia Plus SIA rental fleets are a part of the Group's rental fleet, for which rental revenue from own equipment are recognized.

Operating segments

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

Net revenue per geographical location	2023 EUR	2022 EUR
Latvia	16 550 030	15 591 626
Lithuania	10 141 307	10 224 738
Estonia	4 248 294	4 713 518
TOTAL Baltic (Latvia, Estonia and Lithuania):	**30 939 631**	**30 529 882**
Finland	9 064 359	10 503 431
Sweden	2 663 138	2 544 994
TOTAL Nordic (Finland and Sweden):	**11 727 497**	**13 048 425**
Russia, Kaliningrad (discontinued)	775 640	964 960
TOTAL:	**43 442 768**	**44 543 267**

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

Operating result per geographical location	2023 EUR	2022 EUR
Baltic (Latvia, Estonia and Lithuania)	7 554 632	917 896
Nordic (Finland and Sweden)	(121 390)	(1 321 151)
Elimination of inter-segment operating result	143 565	55 959
Finance income	680 403	24 284
Finance expenses	(2 751 468)	(2 137 530)
Consolidated profit/(loss) before tax from continuing operations:	**5 507 742**	**(2 460 542)**

3. Net revenue and operating segments (cont.)

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

Property, plant and equipment and right of use assets per geographical location, net book value	**31.12.2023 EUR**	**31.12.2022 EUR**
Finland	18 538 006	7 104 437
Sweden	2 635 742	1 027 997
TOTAL Nordic (Finland and Sweden):	**21 173 748**	**8 132 434**
Latvia	29 727 369	10 238 457
Lithuania	17 243 156	6 139 269
Estonia	9 839 246	3 880 379
TOTAL Baltic (Latvia, Estonia and Lithuania):	**56 809 771**	**20 258 105**
TOTAL:	**77 983 519**	**28 390 539**

Intangible assets (including goodwill) and right of use assets per geographical location, net book value	**31.12.2023 EUR**	**31.12.2022 EUR**
Finland	1 654 139	1 829 957
Sweden	89 887	198 128
TOTAL Nordic (Finland and Sweden):	**1 744 026**	**2 028 085**
Latvia	1 827 017	1 434 405
Lithuania	9 233 099	8 951 481
Estonia	844 679	649 470
TOTAL Baltic (Latvia, Estonia and Lithuania):	**11 904 795**	**11 035 356**
TOTAL:	**13 648 821**	**13 063 441**
TOTAL NON-CURRENT NON-FINANCIAL ASSETS:	**91 632 340**	**41 453 980**

4. Other operating income

	2023	**2022**	**2023**	**2022**
			Discontinued*	
By type	**EUR**	**EUR**	**EUR**	**EUR**
Insurance reimbursements received	206 397	205 081	-	-
Cost reimbursement	88 639	207 283	-	-
Recognized deferred income (see also Note 28)	48 609	29 903	-	-
Other income	8 222	12 469	3 867	273
Income according to court decision**	-	1 842 450	-	-
Gains on sale of property, plant and equipment used for renting, net*	734 259	1 320 765	72 368	13 660
TOTAL:	**1 086 126**	**3 617 951**	**76 235**	**13 933**

*Please see Note 16

4. Other operating income (cont.)

** Income from court decision has been recognized according to Arbitral tribunal decision in dispute between Storent Holding Finland and ex-owner of Leinolift Oy. The management has assessed the recoverability of the amount granted by the court decision and in 2022 recognized a partial allowance for expected credit losses, which is presented in profit and loss item Impairment gain / (loss) on trade receivables and contract assets. After the settlement of the outstanding amount during 2023, the recognized allowance for expected credit losses was reversed in the reporting year.

*Storent SIA and Storent Oy, on an ongoing basis, performs optimization of the rental equipment fleet by selling equipment, which is no longer in demand in rental market. The increase in rental equipment sold in 2022 was related to the management's-implemented short-term change in the Group's operating model to increase the share of rental equipment provided by split-rent vendors.

Gains / (losses) on sale of property, plant and equipment used for renting, net calculation:	2023 EUR	2022 EUR	2023 Discontinued* EUR	2022 Discontinued* EUR
Gross income from sale of property, plant and equipment used for renting	1 140 031	5 428 052	410 928	14 376
Cost of sold property, plant and equipment used for renting	(405 772)	(4 107 287)	(338 560)	(716)
TOTAL Gains / (losses) on sale of property, plant and equipment used for renting, net:	**734 259**	**1 320 765**	**72 368**	**13 660**

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

*Please see Note 16

5. Cost of materials and services

a) Costs of raw materials and ancillary materials

	2023 EUR	2022 EUR	2023 Discontinued* EUR	2022 Discontinued* EUR
Cost of materials	858 026	836 660	7 252	7 020
Renting equipment adjustments as a result of stock counts	63	5 940	-	16
TOTAL:	**858 089**	**842 600**	**7 252**	**7 036**

b) Other external costs

	2023 EUR	2022 EUR	2023 Discontinued* EUR	2022 Discontinued* EUR
Equipment rent related costs** (see also Note 14)	5 568 417	16 559 019	11 883	23 873
Transport and assembly services	5 868 476	5 929 524	35 830	45 012
Repairs and maintenance services	3 204 964	3 256 721	62 042	93 995
TOTAL:	**14 641 857**	**25 745 264**	**109 755**	**162 880**
TOTAL:	**15 499 946**	**26 587 864**	**117 007**	**169 916**

*Please see Note 16

** Equipment rent related costs have decreased due to the Group structure changes – starting from 28 December 2022 Selectia SIA and Selectia Plus SIA rental fleets are a part of the consolidated Group's rental fleet, for which depreciation expenses are recognized instead of external costs.

6. Other operating expenses

	2023	2022	2023	2022
			Discontinued*	
	EUR	EUR	EUR	EUR
Rent of offices, areas and maintenance costs	2 460 606	2 386 467	51 123	53 641
IT expenses	739 858	813 863	5 292	13 004
Other administrative expenses	584 570	410 395	11 457	7 892
Administration transport costs	478 097	520 092	8 470	13 854
Marketing expenses	393 691	245 672	6 120	4 288
Insurance costs	361 553	265 094	170	2 412
Remuneration to contractors	336 070	309 127	-	-
Written-off doubtful debts	275 191	558 419	10 132	1 830
Legal services	206 626	736 575	-	14
Communication expenses	87 932	106 976	2 344	3 721
Consulting and other services**	261 499	289 368	-	956
TOTAL:	**6 185 693**	**6 642 048**	**95 108**	**101 612**

*Please see Note 16.
**including fees to independent auditor KPMG Baltics SIA:

	2023	2022
	EUR	EUR
Statutory audit of financial statements	108 728	84 400
Other assurance services	-	41 500
Permitted tax services	-	89
TOTAL:	**108 728**	**125 989**

7. Depreciation and amortization

	2023	2022	2023	2022
			Discontinued*	
	EUR	EUR	EUR	EUR
Depreciation of property, plant and equipment used for renting	2 528 910	1 201 624	87 671	100 951
Depreciation of property, plant and equipment used for own needs	234 319	252 373	6 062	2 886
Rights of use assets amortization	2 568 153	2 887 000	-	-
Amortization of intangible assets	804 528	846 398	543	4 268
TOTAL:	**6 135 910**	**5 187 395**	**94 276**	**108 105**

*Please see Note 16.

8. Finance income

	2023	2022	2023	2022
			Discontinued*	
	EUR	EUR	EUR	EUR
Foreign exchange income	-	21 639	-	10 327
Interest income calculated using the effective interest method	219 486	2 645	-	-
Discount for fully repaid loan before the stated maturity	460 917			
Other income	-	-	-	960
TOTAL:	**680 403**	**24 284**	**-**	**11 287**

*Please see Note 16.

9. Finance expenses

	2023	2022	2023 Discontinued*	2022 Discontinued*
	EUR	EUR	EUR	EUR
Interest on borrowings** calculated using the effective interest method	574 199	979 813	-	-
Interest on leases	676 735	529 300	-	-
Interest on bonds** calculated using the effective interest method	1 063 826	465 376	-	-
Interest on factoring***	5 806	9 615	-	-
Foreign exchange losses	141 299	57 399	14 612	75 314
Other expenses	289 603	96 027	-	-
TOTAL:	**2 751 468**	**2 137 530**	**14 612**	**75 314**

*Please see Note 16.

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

***In 2014 Group has signed factoring contract with Nordea Bank AB, which improved liquidity of the Group. The management of the Group treats this contract as factoring without rights of regress. In 2022, the maturity of these contracts was been prolonged till 31.03.2025.

10. Income tax and deferred income tax assets / liabilities

	2023	2022	2023	2022
			Discontinued*	
	EUR	EUR	EUR	EUR
Corporate income tax calculated for the year	(690 570)	(3 426)	(93 622)	(65 926)
Deferred income tax changes due to temporary differences	(211 891)	-	-	-
Corporate income tax recognized in consolidated statement of comprehensive income:	**(902 461)**	**(3 426)**	**(93 622)**	**(65 926)**

*Please see Note 16.

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

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

		2023 EUR		2022 EUR
Profit / (loss) before income tax, subject to corporate income tax		**5 505 742**		**4 809 953**
The calculated theoretical corporate income tax – at 20%	20,0%	1 101 148	20,0%	961 991
Effect of tax rates in foreign jurisdictions	(0,48%)	26 459	(0,22%)	10 693
Permanent differences:				
Impact of Goodwill impairment		-	(1,39%)	66 770
Impact of Gain on bargain purchase		-	151%	(1 454 099)
Impact of profit distribution	8,71%	(479 694)	-	-
Non-deductible expenses and other permanent differences	(2,30%)	126 723	(0,27%)	13 096
Unrecognized temporary differences (tax losses carried forward)	(2,32%)	127 825	(14,92%)	404 975
The actual corporate income tax for the reporting year:	**(16,39%)**	**902 461**	**(0,07%)**	**3 426**

Deferred income tax:

The Group management has determined that eligable subsidiary's profits in Latvia and Estonia will be distributed in the foreseeable future partly, and, thus, the Group has recognized related deferred tax liabilities to the extent profit distribution is known.The Group management has determined that a part of eligible subsidiary's profits in Latvia and Estonia will be distributed in the first quarter of 2024, while for the remaining part there is no Group management's decision on distribution in the foreseeable future, and, thus, the Group has recognized related deferred tax liabilities only to the extent profit distribution is known. The recognized deferred tax liabilities as at 31 December 2023 amount to EUR 211 891 (31.12.2022: EUR 0) and unrecognized deferred tax liabilities as at 31 December 2023 amount to EUR 1 583 684 (31.12.2022: EUR 2 531 512).

The unused tax losses, for which deferred tax asset is recognized only to the extent of taxable temporary differences, as at 31 December 2023 consist of EUR 4 566 527(31.12.2022: EUR 8 803 899) that expire from 2028 to 2033 and EUR 7 321 821 (31.12.2022: EUR 5 998 419) that, under certain conditions, do not expire. There are no other material deductible temporary differences and unused tax credits for which no deferred tax asset is recognised.

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

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

Movement in deferred tax balances 2023				**Balance at 31 December 2023**		
EUR	Net balance at 1 January	Recognised in profit or loss	Currency revaluation effect	Net	Deferred tax assets	Deferred tax liabilities
Accelerated depreciation for tax purposes	(108 279)	(1 127 607)	-	(1 235 886)	-	(1 235 886)
Tax losses carried forward	(2 531 512)	787 891	-	(1 743 621)	(1 743 621)	-
Loss allowances	(175 353)	-	-	(175 353)	(175 353)	-
Other items	(66)	-	-	(66)	(66)	-
Unrecognized deferred tax asset	2 815 210	127 825	-	2 943 035	2 943 035	-
	-	**(211 891)**	**-**	**(211 891)**	**1 023 995**	**(1 235 886)**
				Set-off	**(1 023 995)**	**1 023 995**
				Net deferred tax	**-**	**(211 891)**

Movement in deferred tax balances 2022				**Balance at 31 December 2022**		
EUR	Net balance at 1 January	Recognised in profit or loss	Currency revaluation effect	Net	Deferred tax assets	Deferred tax liabilities
Accelerated depreciation for tax purposes	867 414	(975 693)	-	(108 279)	-	(108 279)
Tax losses carried forward	(3 102 230)	570 718	-	(2 531 512)	(2 531 512)	-
Loss allowances	(175 353)	-	-	(175 353)	(175 353)	-
Other items	(66)	-	-	(66)	(66)	-
Unrecognized deferred tax asset	2 410 235	404 975	-	2 815 210	2 815 210	-
	-	**-**	**-**	**-**	**108 279**	**(108 279)**
				Set-off	**(108 279)**	**108 279**
				Net deferred tax	**-**	**-**

11. Personnel costs and number of employees

	2023 EUR	2022 EUR	2023 Discontinued* EUR	2022 Discontinued* EUR
Salaries	6 857 929	6 534 960	101 364	78 606
State social security mandatory contributions	1 547 122	1 586 347	21 798	19 569
Other personnel costs	425 017	217 309	13 631	14 608
TOTAL:	**8 830 068**	**8 338 616**	**136 793**	**112 783**

Executive management remuneration:	2023 EUR	2022 EUR
Board members		
Salaries	113 522	470 329
State social security mandatory contributions	31 523	110 977
TOTAL:	**145 045**	**581 306**

	2023	2022
Average number of employees during the reporting year	231	240
TOTAL:	**231**	**240**

Personnel costs by function:	2023 EUR	2022 EUR	2023 Discontinued* EUR	2022 Discontinued* EUR
Sales	3 317 179	3 132 556	51 389	42 369
Customer services	3 593 909	3 393 884	55 676	45 904
Administration and finance staff	1 918 980	1 812 176	29 728	24 510
TOTAL:	**8 830 068**	**8 338 616**	**136 793**	**112 783**

*Please see Note 16.

12. Intangible assets

	Licences and similar rights	Other intagible assets	Intangible assets in progress	Goodwill	TOTAL
	EUR	EUR	EUR	EUR	EUR
At 31 December 2021					
Historical cost	506 276	5 053 794	985 288	11 316 707	17 862 065
Accumulated amortisation	(485 460)	(4 023 659)	-	-	(4 509 119)
Net carrying value	**20 816**	**1 030 135**	**985 288**	**11 316 707**	**13 352 946**
FY 2022					
Net carrying value, opening	20 816	1 030 135	985 288	11 316 707	13 352 946
Additions	55 406	179 728	656 321	-	891 455
Transfered from other position	-	1 641 609	(1 641 609)	-	-
Reclassification to assets held for sale	-	(4 977)	-	-	(4 977)
Write-off	-	-	-	(329 585)	(329 585)
Amortisation	(18 514)	(827 884)	-	-	(846 398)
Net carrying value	**57 708**	**2 018 611**	**-**	**10 987 122**	**13 063 441**
At 31 December 2022					
Historical cost	561 682	6 870 154	-	10 987 122	18 418 958
Accumulated amortisation and depreciation	(503 974)	(4 851 543)	-	-	(5 355 517)
Net carrying value	**57 708**	**2 018 611**	**-**	**10 987 122**	**13 063 441**
FY 2023					
Net carrying value, opening	57 708	2 018 611	-	10 987 122	13 063 441
Additions	-	1 136 958	252 950	-	1 389 908
Write-off	-	(4 239 862)	-	-	(4 239 862)
Excluted amortisation	-	4 239 862	-	-	4 239 862
Amortisation	(13 624)	(790 904)	-	-	(804 528)
Net carrying value	**44 084**	**2 364 665**	**252 950**	**10 987 122**	**13 648 821**
At 31 December 2023					
Historical cost	561 682	3 767 250	252 950	10 987 122	15 569 004
Accumulated amortisation and depreciation	(517 598)	(1 402 585)	-	-	(1 920 183)
Net carrying value	**44 084**	**2 364 665**	**252 950**	**10 987 122**	**13 648 821**

All intangible assets are used by the Group.

Fully amortized intangible assets

On 31 December 2023, intangible assets of the Group included assets with acquisition value of EUR 1 319 789 (31.12.2022.: EUR 3 925 441), which were completely written down into amortization costs and are still actively used in economic activity. Most of these intangible assets consist of software, which continue to be used, and for which annual maintenance and improvement fees are paid.

Development of intangible assets

In 2020, the Group started to develop a new ERP system that meets the development trends of modern IT technologies in the business environment, especially as a result of Covid-19 impact, and will provide effective accounting of rental processes, control procedures of the Group companies and operational information for the Group's management to make decisions. The item "Intangible assets in progress" included only those costs that the Group could reliably estimate and that met the capitalization criteria. In December 2022, the development process of the new ERP system was completed and the implementation process and its use in the Group companies' everyday operations began; as a result the development costs were transferred to the item “Other intangible investments”. The roll-out of the new ERP system is planned to be completed by the middle of 2024. As a continuation of the development of the Group’s ERP system, in 2023 the Group started the next stage – private WEB and new version of accounting software development and implementation. In 2023 and 2022, there are only external intangible development costs capitalized.

12. Intangible assets (cont.)

Goodwill by CGU	31.12.2023 EUR	31.12.2022 EUR
Storent SIA	680 035	680 035
Storent UAB	8 742 675	8 742 675
Storent OU	542 475	542 475
Storent Oy	1 021 937	1 021 937
	10 987 122	**10 987 122**

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

31.12.2023	Storent SIA	Storent UAB	Storent OU	Storent Oy	Storent AB
EBITDA margin	34%-41% in years 2024-2027, 34% in terminal year (2023 actual: 43%)	30%-33% in years 2024-2027, 30% in terminal year (2023 actual: 29%)	31%-33% in years 2024-2027, 32% in terminal year (2023 actual: -12%)	28%-32% in years 2024-2027, 28% in terminal year (2023 actual: -30%)	24%-32% in years 2024-2027, 32% in terminal year (2023 actual: -13%)
EBITDA growth rate per year**	5.4%	17.1%	63.4%	15.3%	65.7%
Period of cash flows forecast	5 years + terminal year	5 years + terminal year	5 years + terminal year	5 years + terminal year	5 years + terminal year
WACC	8,96%	8,96%	8,96%	8,96%	8,96%
Terminal growth rate	2%	2%	2%	2%	2%

31.12.2022	Storent SIA	Storent UAB	Storent OU	Storent Oy	Storent AB
EBITDA margin	32%-35% in years 2023-2027, 32% in terminal year (2022 actual: 37%)	32%-34% in years 2023-2027, 32% in terminal year (2022 actual: 32%)	25%-30% in years 2023-2027, 32% in terminal year (2022 actual: -15%)	28%-30% in years 2023-2027, 29% in terminal year (2022 actual: -30%)	19%-25% in years 2023-2027, 25% in terminal year (2022 actual: -17%)
EBITDA growth rate per year**	3.1%	7.5%	33.2%	3.4%	23.0%
Period of cash flows forecast	5 years + terminal year	5 years + terminal year	5 years + terminal year	5 years + terminal year	5 years + terminal year
WACC	9,43%	9,43%	9,43%	9,43%	9,43%
Terminal growth rate	2%	2%	2%	2%	2%

* Discount rate forecasts are based on the actual cost of capital of group companies.
** The increase in the nominal EBITDA growth rate is due to the additional financing raised by the Group which enables increased investments in rental fleet expansion and renewal.

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

The recoverable value of goodwill and other non-current non-financial assets significantly depends relating to the recently established Storent Holding Group's net turnover growth, EBITDA margin (as a result of internal cost optimization) and timing and magnitude of EBITDA growth, discount rate used, as well as the ability of Group's management to implement these assumptions and the development of the Baltic and Nordic construction equipment rental market in general. Any unfavorable changes in these assumptions that may be caused by volatility of the market, in which the Group operate, may have a negative influence of the carrying amount goodwill and other non-current non-financial assets recognized on the Group's consolidated balance sheet as of 31 December 2023. Please refer further to Notes 36 and 37.

12. Intangible assets (cont.)

Sensitivity analysis

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

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

	Weighted average cost of capital 8,96% (9,43% in 2022)				**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 7,96%**	**Weighted average cost of capital 9,96%**	**Weighted average cost of capital 8,43%**	**Weighted average cost of capital 10,43%**
m EUR	**2023**	**2023**	**2022**	**2022**	**2023**	**2023**	**2022**	**2022**
Latvia	39,7	31,86	19,5	14,73	46,77	34,43	24,24	15,85
Lithuania	15,08	10,48	18,42	15,34	19,33	11,91	21,6	15,96
Estonia	-3,27	-7,39	1,33	-0,64	0,82	-6,34	3,84	-0,52
Sweden	4,29	1,24	0,98	0,12	7,61	1,79	2,1	0,17
Finland	7,97	4,15	3,97	1,19	11,27	5,49	6,92	1,81
TOTAL:	**63,77**	**40,34**	**44,20**	**30,74**	**85,80**	**47,28**	**58,70**	**33,27**

Based on the calculations performed by management, a decrease in EBITDA or increase in discount rate would lead to the fact that the carrying amount of Estonian CGU, including the allocated corporate assets, may not reach the expected recoverable amount as of December 31, 2023. The management of the group, in close cooperation with the management of the Estonian CGU, carefully considers and implements the sales strategy in Estonia in order to prevent non-compliance with the planned EBITDA level. Every following month in 2024 shows significant rent income increase in Estonia, as a result of experienced and goal-oriented management and sales team from the industry that joined the subsidiary in late 2023. The Group's management supports the Estonian entity with new investments, according to internal budget Estonia will get the largest share from Group's total capital expenditure plan in 2024.

13. Property, plant and equipment

	Land and buildings	Machinery and equipment	Other fixed assets	TOTAL
	EUR	EUR	EUR	EUR
At 31 December 2021				
Historical cost	302 978	34 000 802	3 813 550	38 117 330
Accumulated amortisation	(98 908)	(24 618 639)	(3 443 964)	(28 161 511)
Net carrying value	**204 070**	**9 382 163**	**369 586**	**9 955 819**
FY 2022				
Net carrying value, opening	204 070	9 382 163	369 586	9 955 819
Additions	-	1 049 353	219 479	1 268 832
Acquisitions through business combinations*	-	12 135 279	181	12 135 460
Transfered from ROU at the end of the lease (Note 14)	-	1 189 121	84 320	1 273 441
Reclassification to assets and disposal groups held for sale*	-	(86 178)	(1 658)	(87 836)
Write-off	-	(4 546 304)	(82 152)	(4 628 456)
Amortisation	(15 056)	(1 201 624)	(237 317)	(1 453 997)
Net carrying value	**189 014**	**17 921 810**	**352 439**	**18 463 263**
At 31 December 2022				
Historical cost	302 978	43 742 073	4 033 720	48 078 771
Accumulated amortisation and depreciation	(113 964)	(25 820 263)	(3 681 281)	(29 615 508)
Net carrying value	**189 014**	**17 921 810**	**352 439**	**18 463 263**
FY 2023				
Net carrying value, opening	189 014	17 921 810	352 439	18 463 263
Additions	-	1 558 621	206 837	1 765 458
Revaluation to fair value	-	37 096 089	-	37 096 089
Transfered from ROU at the end of the lease (Note 14)	-	633 537	54 745	688 282
Write-off	-	(1 283 223)	(89 799)	(1 373 022)
Amortisation	(10 679)	(2 528 910)	(223 640)	(2 763 229)
Net carrying value	**178 335**	**53 397 924**	**300 582**	**53 876 841**
At 31 December 2023				
Historical cost	302 978	81 747 097	4 205 503	86 255 578
Accumulated amortisation and depreciation	(124 643)	(28 349 173)	(3 904 921)	(32 378 737)
Net carrying value	**178 335**	**53 397 924**	**300 582**	**53 876 841**

*Please see Note 16 for discontinued operations and Note 35 for business combinations.

The line item “Creation of property, plant and equipment” includes equipment and machinery in the preparation stage, and for which lease financing is being awaited.

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

The management of the Group has changed the accounting estimate of fixed assets depreciation by introducing residual value (previously, residual value was presumed to be zero), as its necessity was evidenced by the profitable sale of equipment on the secondary market. Storent Group conducted several large machinery sales auctions in Europe with very good profit indicators. That gave additional evidence that the depreciation rates of fixed assets applied in the previous reporting periods reduced the carrying amount of the fixed assets balance too quickly. The depreciation of fixed assets by month was recalculated accordingly for the whole year 2023. Residual value determination is a change in estimate, applied prospectively. Had the Storent Group not introduced residual values in the reporting period, the depreciation charge would be by 2 487 413 EUR higher than the actual depreciation charge recognized in the reporting period.

13. Property, plant and equipment (cont.)

The Group has changed the measurement basis for property, plant and equipment to revaluation method. The fair value measurements are based on market data obtained from reputable sources and certified independent appraiser. As of 31 December 2023, the carrying amount of machinery and equipment measured at fair value amounted to 53 397 923 EUR for own fixed assets and 22 420 018 EUR for rights of use assets. The carrying amount of this machinery and equipment under the cost method would have been 16 301 835 EUR for own fixed assets and 19 097 078 EUR for rights of use assets. The Group has, generally, used two methods to estimate the fair value of the individual assets – for equipment with individual serial numbers the Market approach was used, while for non-serial equipment the Depreciated Replacement Cost Method was used. For Market approach, the key assumptions used included observed market prices for the same or similar assets, adjusting them for differences such as production year and usage of the asset. For Depreciated Replacement Cost Method, the key assumptions used included prices of new same or similar equipment based on quotes provided by manufacturers, which was adjusted by estimated useful life and estimated residual value to arrive at a similar level to the particular asset's depreciation.

The revaluation surplus is disclosed in revaluation or fair value reserve. The revaluation surplus cannot be distributed to the shareholders due to legal restrictions in the country of incorporation.

All of the Group's revalued property, plant and equipment are determined to be Level 3 in the fair value hierarchy.

Changes in the revaluation reserve	**31.12.2023 EUR**
At the beginning of the year	**-**
Increase / (decrease) for own machinery and equipment	37 096 089
Increase / (decrease) for rights of use asets	3 322 939
Written-off	-
TOTAL:	**40 419 028**

14. Rights of use assets

	Licences and similar rights	Land and buildings	Machinery and equipment	Other fixed assets	TOTAL
	EUR	EUR	EUR	EUR	EUR
At 1 January 2022					
Net carrying value, opening	23 805	407 950	12 447 925	548 614	13 428 294
Additions	-	151 904	-	511 897	663 801
Acquisitions througt business combinations*	-	-	12 907	23 164	36 071
Transfered to PP&E at the end of the lease on transfer of ownership (see Note 13)	-	-	(1 189 121)	(84 320)	(1 273 441)
Write-off	-	-	-	(40 449)	(40 449)
Amortisation	(23 805)	(289 370)	(2 305 217)	(268 608)	(2 887 000)
Net carrying value at 31 December 2022	**-**	**270 484**	**8 966 494**	**690 298**	**9 927 276**
At 1 January 2023					
Net carrying value, opening	-	270 484	8 966 494	690 298	9 927 276
Additions	-	3 312	12 806 304	596 694	13 406 310
Revaluation to fair value*	-	-	3 322 940	-	3 322 940
Transfered to PP&E at the end of the lease on transfer of ownership (see Note 13)	-	-	(633 537)	(54 745)	(688 282)
Amortisation	-	(265 002)	(2 042 183)	(260 970)	(2 568 155)
Net carrying value at 31 December 2023	**-**	**8 794**	**22 420 018**	**971 277**	**23 400 089**

*For detailed information about Revaluation to fair value please see Note 13.

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

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

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

	2023	2022	2023	2022
			Discontinued*	
Amounts recognized in profit and loss:	EUR	EUR	EUR	EUR
Revenue from sub-lease of rights-of-use assets (see also Note 3)	4 706 655	4 168 112	-	-
Revenue from sub-lease of assets, for which lease liabilities are not recognized (see also Note 3)**	6 907 316	22 855 228	15 439	30 495
Expense related to variable lease payments not included in the measurement of the lease liability**	(5 568 417)	(16 559 019)	(11 883)	(23 873)
Depreciation expenses on right-of-use assets	(2 568 155)	(2 887 000)	-	-
Interest expense on lease liabilities	(676 735)	(529 300)	-	-
Expense relating to short-term leases	(1 666 412)	(1 554 412)	(33 058)	(34 294)
TOTAL:	**1 134 252**	**5 493 609**	**(29 502)**	**(27 672)**

*Please see Note 16.
**The Group does not recognize lease liabilities and right-of-use assets for machinery and equipment leased from split-rent vendors as the lease payments are entirely variable depending on sub-lease rental income.

15. Inventories

		31.12.2023 EUR	31.12.2022 EUR
Goods for resale (at cost)		628 692	520 680
Consumables (at cost)		176 207	634 924
	TOTAL:	**804 899**	**1 155 604**

16. Non-current assets and disposal groups held for sale

Disposal group classified as held for sale

Considering the geopolitical situation, the Group has limited opportunities to manage and develop its subsidiary in Russia. At the moment, there is no possibility to make payments to or from the subsidiary company, so the management of the Group has decided to sell the subsidiary company. By the end of year 2022, the Group management committed to a plan to sell the subsidiary Storent OOO, Russia, Kaliningrad. Accordingly, assets and liabilities of this subsidiary are presented as a disposal group held for sale. Efforts to sell the disposal group were started and conducted throughout 2023. Due to legal challenges, it was not possible to complete this process in 2023. In March 2024, the Group has completed an internal reorganization process and disposed of the equity interests in the amount of EUR 7 025 owned by the Storent Group in Storent OOO, a company registered in the Kaliningrad region, Russia.

Impairement losses of EUR 329 585 on goodwill have been included in “Impairement loss” in 2022. The remeasurement of the net carrying amount of property, plant and equipment, inventory, trade receivables, cash and current liabilities within the disposal group has been performed based on the management’s best estimate of fair value less costs to sell of the disposal group, taking into account non-binding indications of the possible sales price. Remeasurement losses of EUR 142 190 (2022: EUR 384 204) for write-downs of the disposal group to the lower of it carrying amount and its fair value less costs to sell have been included in “Profit/loss from discontinuing operations”.

Impairment loss		2023 EUR	2022 EUR
Impairment loss on goodwill		-	329 585
Loss on remeasurement of the disposal group		142 190	384 204
	TOTAL:	**142 190**	**713 789**

16. Non-current assets and disposal groups held for sale (cont.)

Results of discounted operation

	Notes	2023 EUR	2022 EUR
Net revenue	3	775 640	964 960
Other operating income	4	76 235	13 993
Cost of materials and services	5	(117 007)	(169 916)
Personnel costs	11	(136 793)	(112 783)
Other operating expenses	6	(95 108)	(101 612)
Depreciation and amotrization	7	(94 276)	(108 105)
Impairement gain / (loss) on trade receivables and contract asset		(9 708)	(10 926)
Finance income	8	14 611	11 287
Finance expenses	9	-	(75 314)
Result from operating activities		**413 594**	**411 584**
Income tax income / (expenses)	10	(93 622)	(59 367)
Result from operating activities, net of tax		**319 972**	**352 217**
Impairment loss on goodwill		-	(329 585)
Loss on remeasurement of disposal group for sale		(142 190)	(384 204)
Profit/(loss) from discontinuing operation, net of tax		**177 782**	**(361 572)**

In the consolidated statement of comprehensive income the net result is presented as impairment loss on goodwill (EUR 329 585) and loss from discontinuing operation (EUR 31 987) for 2022 and profit from discontinuing operations EUR 177 782 for 2023.

Cash flows form (used in) discounted operation

	2023 EUR	2022 EUR
Net cash from operating activities	295 217	57 628
TOTAL:	**295 217**	**57 628**

Effects of disposal group on the financial position of the Group

	31.12.2022 EUR	Remeasurement of the disposal group	Fair value less costs to sell
Property, plant and equipment	88 470	(88 470)	-
Trade receivables and inventory	103 822	(103 822)	-
Cash and cash equivalents	409 845	(191 912)	217 933
Trade payables	(117 933)	-	(117 933)
TOTAL:	**484 204**	**(384 204)**	**100 000**

Effects of disposal group on the financial position of the Group

	31.12.2023 EUR	Remeasurement of the disposal group	Fair value less costs to sell
Property, plant and equipment	354 928	(354 928)	-
Trade receivables and inventory	65 069	(65 069)	-
Cash and cash equivalents	295 217	(106 397)	188 820
Trade payables	(88 820)	-	(88 820)
TOTAL:	**626 394**	**(526 394)**	**100 000**

17. Trade receivables

	31.12.2023 EUR	31.12.2022 EUR
Trade receivables	7 948 491	10 071 308
Allowance for doubtful debts	(2 180 013)	(2 653 950)
TOTAL:	**5 768 478**	**7 417 358**

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

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

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

Main assumption of simplified approach under IFRS 9:

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

Trade receivables are not secured or collaterized.

The gross carrying amount of a trade receivables is written off when the Group has no reasonable expectations of recovering a trade receivable in its entirety or a portion thereof. The Group individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Group expects no significant recovery from the amounts written off. However, trade receivables that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.
Additional allowance for expected credit losses were recognized in 2022 related to a receivable granted by a court decision in the amount of EUR 568 533 and, in addition to changes mentioned below, presented in the Consolidated statement of comprehensive income line item "Impairment gain / (loss) on trade receivables and contract assets". After the settlement of the outstanding amount during 2023, the recognized allowance was fully reversed in the reporting year in the same line item. See also Note 4.

Changes in the allowance for doubtful debts	31.12.2023 EUR	31.12.2022 EUR
At the beginning of the year	**2 653 950**	**2 259 455**
Increase / (decrease), net	(198 746)	952 914
Written-off	(275 191)	(558 419)
TOTAL:	**2 180 013**	**2 653 950**

18. Contract assets and contract liabilities

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

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

Contracts balances	31.12.2023 EUR	31.12.2022 EUR
Receivables, which are included in 'Trade receivables'	7 948 491	7 759 484
Contract assets	1 143	2 666
TOTAL:	**7 949 634**	**7 762 150**

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

Contracts balances	31.12.2023 EUR	31.12.2022 EUR
Contract liabilities – loyalty program	(173 800)	(149 381)
Contract liabilities – advances from customers	(286 135)	(188 021)
TOTAL:	**(459 935)**	**(337 402)**

Changes in contract liabilities:	31.12.2023 EUR	31.12.2022 EUR
At the beginning of the year	**(337 402)**	**(404 345)**
Revenue recognized from amounts included in contract liabilities at the beginning of the period	337 402	404 345
Revenue deferred during the period	(459 935)	(337 402)
TOTAL:	**(459 935)**	**(337 402)**

19. Other receivables

	31.12.2023 EUR	31.12.2022 EUR
Guarantee deposit	236 526	185 158
Advances to suppliers	68 692	31 540
Refundable value-added tax	56 785	61 962
Advances to employees	877	1 692
TOTAL:	**362 880**	**280 352**

20. Prepaid expenses

	31.12.2023 EUR	31.12.2022 EUR
Other deferred expenses	320 117	227 830
TOTAL:	**320 117**	**227 830**

21. Cash and cash equivalents

		31.12.2023 EUR	31.12.2022 EUR
Cash in bank and cash, EUR		1 688 560	665 314
Cash in bank and cash, SEK		28 528	9 738
	TOTAL:	**1 717 088**	**675 052**

22. Share capital of the Parent company

The registered share capital of the Group's legal Parent company on 31.12.2023 is 18 150 000, consisting of 18 150 000 shares. The nominal value of a share is EUR 1. All shares have equal voting right and dividend entitlement.

Parent company's shareholders as of 31 December 2023 and 31 December 2022:

Shareholder		**Numbers of shares**	**Amount EUR**	**Participating interest (%)**
"EEKI" SIA		9 075 000	9 075 000	50%
"Supremo" SIA		9 075 000	9 075 000	50%
	TOTAL:	**18 150 000**	**18 150 000**	**100%**

23. Other provisions

		31.12.2023 EUR	31.12.2022 EUR
Provisions for employee bonuses		243 712	116 207
Provisions for expenses		66 904	12 749
	Total:	**310 616**	**128 956**

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

Changes in the provisions:		**31.12.2023 EUR**	**31.12.2022 EUR**
At the beginning of the year		**128 956**	**138 903**
Provisions made		456 135	325 015
Provision used		(274 475)	(314 449)
Transferred to Disposal Group		-	(20 513)
	TOTAL:	**310 616**	**128 956**

24. Issued bonds

In 2020, the Group's subsidiary Storent Investments AS issued the second emission of bonds with maturity date 19.10.2023, coupon interest rate 8%, bond nominal value 100 EUR and total nominal value 15 000 000 EUR. Bonds were listed on the official bond list of AS "Nasdaq Riga." During 2023, this emission of bonds was fully settled.

In 2023, the Group's Parent company Storent Holding AS issued two tranches of the first emission of bonds with maturity date 21.12.2025, coupon interest rate 11%, bond nominal value 100 EUR and total nominal value 15 000 000 EUR. Bonds are listed on the official bond list of AS "Nasdaq Riga."

Issued bonds	Emission date	Maturity date	Amount	Actual interest rate (%)	31.12.2023 EUR	31.12.2022 EUR
ISIN code LV0000802411	19.03.2020	19.10.2023	15 000 000	8	-	4 870 500
ISIN code LV0000850089	26.06.2023	21.12.2025	15 000 000	11	15 000 000	-
Accrued interest for bonds coupon payment (LV0000802411)					-	78 378
Accrued interest for bonds coupon payment (LV0000850089)					41 250	-
Incremental cost allocation emission LV0000802411 *					-	(50 143)
Incremental cost allocation emission LV0000850089*					(390 035)	-
				TOTAL:	**14 651 215**	**4 898 735**
				Total Non-current liabilities:	14 609 965	-
				Total Current liabilities:	41 250	4 898 735

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

*Total borrowing origination fees and costs incurred related to the new emission in 2023 amounted to 481 794 EUR. The Group treated these fees and costs as incremental costs related to attract the financing. These fees and costs are an integral part of the effective interest rate of the loans and are treated as an adjustment to the effective interest rate.

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

	31.12.2023 EUR	31.12.2022 EUR
Balance at the beginning of the year	**4 898 735**	**4 838 565**
Proceeds from bonds	15 000 000	-
Repayment bonds	(4 870 500)	-
Total changes from financing cash flows	**10 129 500**	**-**
Incremental cost allocation	(473 273)	-
Incremental cost allocation amortization	133 381	
Interest expense	930 445	465 376
Interest paid	(967 573)	(405 206)
Total liability-related other changes	**(377 020)**	**60 170**
Balance at the end of the year	**14 651 215**	**4 898 735**

24. Issued bonds (cont.)

According to Terms and Conditions for 2023 emission, the following financial covenants have to be met from the Issue date 26.06.2023 and as long as any bonds are outstanding:

- Shareholders Equity to Assets Ratio may not be lower than 35 (thirty-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 2.5: (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.

During 2023 and as at 31 December 2023, the Company has complied with the above financial covenants.

Transactions with bonds in 2023

Emission with ISIN code LV0000802411

On 14 June 2023 Storent Investments AS offered to the noteholders who own the notes of Storent Investments AS maturing on 19 October 2023 (ISIN LV0000802411) an opportunity to exchange the Existing Notes owned by them with the New Storent Holding AS Notes (ISIN LV0000850089). 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 21 June 2023 the first stage of subscription for Storent Holding AS new notes with ISIN code LV0000850089 ended, where the investors agreed to exchange the notes of Storent Investments AS maturing on 19 October 2023 (ISIN LV0000802411) with the New Notes in the total nominal amount of 3 202 300 EUR. Notes issued by Storent Investments AS (ISIN: LV0000802411) included in the Exchange trading system was decreased to EUR 1 668 200. The decrease is in the amount of exchanged bonds.

On 18 July 2023 Storent Investments AS has redeemed the notes (ISIN LV0000802411) included in the Exchange trading system by transferring principal and interest payments to the bondholders.

Transactions with bonds in 2022

In 2022, there were no transactons with bonds.

25. Lease liabilities

By asset type	*Maturity*	*Interest rate, (%)**	31.12.2023 EUR	31.12.2022 EUR	Balance sheet value of leased assets on 31.12.2023 EUR
Leasing companies (various asset types)	Various (2024 - 2028)	1.8-5.5% +3M EURIBOR	13 422 383	5 804 456	21 823 120
Supplier funding (various asset types)	31.12.2025	2%-8.67%	327 223	382 927	464 861
Premise's rent	31.03.2024	10.3%	16 359	470 964	118 235
Car rent	Various (2024-2027)	10.3%	187 076	67 367	453 008
Warehouse forklifts	2027	10,58%	260 005	323 729	448 261
		Total:	**14 213 046**	**7 049 443**	**23 307 485**
		Total Non-current liabilities:	10 071 222	3 488 376	
		Total Current liabilities:	4 141 824	3 561 067	

The maturity of lease liabilities disclosed in Note 33.

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

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

	31.12.2023 EUR	31.12.2022 EUR
Balance at the beginning of the year	**7 049 443**	**11 945 787**
Repayment of lease liabilities	(6 744 616)	(5 670 256)
Total changes from financing cash flows	**(6 744 616)**	**(5 670 256)**
New leases	13 908 219	707 252
Interest expenses accrued	673 557	529 300
Interest paid	(673 557)	(529 300)
Acquisitions through business combinations (see Note 35)	-	66 660
Total liability-related other changes	**13 908 219**	**773 912**
Balance at the end of the year	**14 213 046**	**7 049 443**

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

	2023 EUR	2022 EUR
Repayment of lease liabilities	6 744 616	5 670 256
Interest paid	673 557	529 300
Expenses relating to short-term leases	1 666 412	1 554 412
TOTAL:	**9 084 585**	**7 753 968**

26. Other borrowings

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

	Maturity	Amount EUR	Actual interest rate (%)	31.12.2023 EUR	31.12.2022 EUR
Haulotte Group SA	01.08.2024	2 009 115	2.8	302 794	706 524
Yanmar Construction Equipment Europe SAS	04.08.2024	803 768	2.8	121 137	282 697
SA Manitou BF	04.08.2024	1 403 000	2.8	301 732	603 417
Incremental cost allocation		(1 058 151)		(48 831)	(19 151)
Levina Investments S.A.R.L.	16.12.2024	4 930 175	7	-	5 430 175
CITP SIA	31.01.2025	50 000	3	-	54 192
			Total:	**676 832**	**7 057 854**
			Total Non-current liabilities:	**-**	**5 685 286**
			Total Current liabilities:	**676 832**	**1 372 568**

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

In December 2022, amendments to the agreement on repayment of the loan from Levina Investments S.a.r.l. extending the term by one year, the last repayment term is December 2024, and changing the loan interest rate from 14% to 7%. During 2023, the loan from Levina Investments S.a.r.l. was fully repaid before the stated maturity.

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

	31.12.2023 EUR	31.12.2022 EUR
Balance at the beginning of the year	**7 057 854**	**3 270 730**
Proceeds from other borrowings	-	650 000
Repayment of other borrowings	(6 427 819)	(1 745 101)
Total changes from financing cash flows	**(6 427 819)**	**(1 095 101)**
Incremental cost allocation amortization	(29 680)	57 108
Decrease in outstanding amount due to full repayment before the stated maturity	(460 918)	-
Interest expense	574 199	65 091
Interest paid	(36 804)	(74 341)
Reclassified from Borrowings from related companies on change of shareholder	-	5 430 175
Settlement of pre-existing relationship on business combination (see Note 35)	-	(650 000)
Acquisitions through business combinations (see Note 35)	-	54 192
Total liability-related other changes	**46 797**	**4 882 225**
Balance at the end of the year	**676 832**	**7 057 854**

Changes in the incremental cost allocation:

	31.12.2023 EUR	31.12.2022 EUR
At the beginning of the year	**19 151**	**76 259**
Incremental cost increase	48 401	-
Written off as adjustment to effective interest rate	(18 721)	(57 108)
TOTAL:	**48 831**	**19 151**

27. Taxes and national mandatory social insurance contributions

	31.12.2023 EUR	31.12.2022 EUR
Personal income tax	154 536	140 034
State social security mandatory contributions	189 552	168 659
Value added tax	193 714	368 333
Risk duty	3 605	3 084
TOTAL:	**541 407**	**680 110**

28. Deferred income

	31.12.2023 EUR	31.12.2022 EUR
Gain on sale-and-leaseback transactions	375 034	49 540
Total:	**375 034**	**49 540**
Total Non-current deferred income:	280 577	-
Total Current deferred income:	94 457	49 540

Sale-and-leaseback transactions

In 2019 and 2023, the Group entered into several sale-and-leaseback agreements, for which the Group assessed that the transactions did not result in a sale as the Group continued to control the underlying assets. The Group presents the received financing as lease liabilities and presents the excess of financing received over the carrying amount of the underlying assets as deferred liabilities.

Changes in the deferred income:	31.12.2023 EUR	31.12.2022 EUR
At the beginning of the year	**49 540**	**79 443**
Additions	374 103	-
Amortised and included in income of reporting year (See Note 4)	(48 609)	(29 903)
TOTAL:	**375 034**	**49 540**

29. Other liabilities

	31.12.2023 EUR	31.12.2022 EUR
Payroll	390 625	350 239
Other payables	28 103	6 406
TOTAL:	**418 728**	**356 645**

30. Accrued liabilities

	31.12.2023 EUR	31.12.2022 EUR
Accrues liabilities for unused employee vacations	759 706	783 053
Other accrued liabilities	416 628	353 674
Accrued liabilities for defined contribution pension insurance	38 812	57 651
TOTAL:	**1 215 146**	**1 194 378**

31. Related party transactions

31. (a) Related party transactions

Related party	Year	Goods and services received EUR	Payables to related companies EUR
Companies that have control over the Group's activities:			
Supremo SIA	2022	(18 000)	-
	2023	-	-
EEKI SIA	2022	-	-
	2023	-	-
Companies with significant influence over the Group's activities*:			
Bomaria SIA	2022	(18 000)	(1 815)
	2023	-	-
The companies controlled by the Group's officers or their relatives: **			
Meistari ZS	2022	(6 584)	(406)
	2023	(5 612)	(308)
	Total 2022:	**(42 584)**	**(406)**
	Total 2023:	**(5 612)**	**(308)**

* Payables to the companies controlled by the Group's management or their relatives are included in the balance sheet item Trade payables, in the amount of EUR 308 as at 31 December 2023 (2022: EUR 406).

31. (b) Loans issued to related parties

	Maturity date	Loan amount	Actual interest rate (%)	31.12.2023 EUR	31.12.2022 EUR
EEKI SIA	31.12.2025	1 500 000	13%	1 500 000	-
Supremo SIA	31.12.2025	1 500 000	13%	1 500 000	-
Accrued interest				201 824	
			Long term receivables:	**3 000 000**	**-**
			Short term receivables:	**201 824**	**-**

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

No events of insolvency or delays of payments have been identified during the reporting year, and no other specific increase in credit risk triggers have been identified. As at 31 December 2023, all loans to related parties are assessed as Stage 1 in line with IFRS 9 requirements. Impairment allowance for expected credit loss is considered as immaterial, thus, not disclosed separately. There has been no movement of loans to related parties between the Stages during 2023.

There has been no change in the contractual terms for loans issued to related parties during 2023.

There have been no write-offs of loans issued to related parties during 2023.

The carrying amount of loans issued to related parties represents the Company's maximum exposure to related credit risk.

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

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

31. (d) Borrowings from related companies

	Maturity	Interest rate %	31.12.2023 EUR	31.12.2022 EUR
EEKI SIA	31.12.2024	6	901 717	1 000 700
Erī Esta	30.04.2023	18.75	-	338 836
		Total Non-current liabilities:	**-**	**-**
		Total current liabilities:	**901 717**	**1 339 536**

Full amount of loans is repayable upon maturity date.

31. Related party transactions (cont.)

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

	31.12.2023 EUR	31.12.2022 EUR
Balance at the beginning of the year	**1 339 536**	**6 123 340**
Repayment of the borrowings from related companies	(451 258)	(1 050 000)
Total changes from financing cash flows	**(451 258)**	**(1 050 000)**
Interest expense	98 340	856 835
Interest paid	(84 901)	(500 000)
Reclassified to Other borrowings due to change in shareholders	-	(5 430 175)
Acquisitions through business combinations (see Note 35)	-	1 339 536
Total liability-related other changes	**13 439**	**(3 733 804)**
Balance at the end of the year	**901 717**	**1 339 536**

32. Financial instruments

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

Categories of financial assets and liabilities

	As at 31.12.2023		**As at 31.12.2022**	
Financial assets	**Carrying amount**	**Fair value**	**Carrying amount**	**Fair value**
Loans and receivables held at amortised cost				
- Loans to related parties	3 201 824	3 201 824	-	-
- Trade receivables	5 566 654	5 566 654	7 417 358	7 417 358
- Other receivables	362 880	362 880	280 352	280 352
- Cash and cash equivalents	1 717 088	1 717 088	675 051	675 051
TOTAL financial assets:	**10 848 446**	**10 848 446**	**8 372 761**	**8 372 761**

	As at 31.12.2023		**As at 31.12.2022**	
Financial liabilities	**Carrying amount**	**Fair value**	**Carrying amount**	**Fair value**
Financial liabilities held at amortized cost				
- Issued bonds	14 651 215	15 030 925	4 898 735	4 898 735
- Loans from related companies	901 717	901 717	1 339 536	1 339 536
- Lease liabilities	14 213 046	13 988 284	7 049 443	7 049 443
- Other borrowings	676 832	676 832	7 057 854	7 057 854
- Trade payables	3 883 121	3 883 121	5 162 357	5 162 357
- Other payables	1 456 904	1 456 904	1 374 466	1 374 466
TOTAL financial liabilities:	**35 782 835**	**35 937 783**	**26 882 391**	**26 882 391**

33. Financial risk management

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

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

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

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

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

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

Fair value of loans to related parties with outstanding maturities longer than six months and issued with a stated interest rate, 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 related party.

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

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

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

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

There were no transfers between fair value hierarchy levels in 2023 and 2022.

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

Credit risk

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

In terms of receivables as at 31 December 2023 and 2022 the Group did not have a significant credit risk concentration in respect of a single transaction partner or a group of partners of similar transactions.

In terms of loans to related parties as at 31 December 2023 the Group had a significant credit risk concentration in respect of its transaction partners – its shareholders.

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

The maximum credit risk exposure at 31 December 2023 was EUR 7 848 445 (31.12.2022: EUR 8 372 761).

33. Financial risk management (cont.)

At 31 December 2023 and 31 December 2022, the exposure to credit risk for trade receivables by geographic region was as follows:

	Carrying amount	
EUR	2023	2022
Baltics	4 603 055	5 959 989
Nordics	1 165 423	1 457 369
	5 768 478	**7 417 358**

EUR	Weighted-average loss rate	Gross carrying amount	Loss allowance	Creditimpaired
Current (not past due)	0,1%	4 032 413	(4 683)	No
1–30 days past due	0,8%	1 219 894	(9 608)	No
31–60 days past due	6,1%	343 330	(20 982)	No
61–90 days past due	17,8%	209 737	(37 325)	No
More than 90 days past due	98,3%	2 143 117	(2 107 415)	Yes
Total at 31 December 2023		**7 948 491**	**(2 180 013)**	**-**

EUR	Weighted-average loss rate	Gross carrying amount	Loss allowance	Creditimpaired
Current (not past due)	0.2%	5 840 650	(7 089)	No
1–30 days past due	2.6%	1 039 757	(27 098)	No
31–60 days past due	16.6%	294 527	(48 819)	No
61–90 days past due	64.1%	116 245	(74 505)	No
More than 90 days past due	98.8%	2 780 129	(2 496 439)	Yes
Total at 31 December 2022		**10 071 308**	**(2 653 950)**	**-**

Sensitivity analysis

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

	31 December 2023		31 December 2022	
Effect in euro	Increase	Decrease	Increase	Decrease
Change in loss rate of 3 percentage points	233 165	(169 399)	208 801	(167 722)

33. Financial risk management (cont.)

Liquidity risk

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

The Group's management considers that the Group will have sufficient cash resources and its liquidity will not be compromised. As at 31 December 2023, the Group's liquidity ratio was 0,71. As at 31 December 2022, the Group's liquidity ratio was 0,37. Please refer to Note 36 for going concern considerations.

At 31 December 2023 and 2022 the maturity of the financial liabilities of the Group, based on undiscounted payments provided for in the agreements can be disclosed as follows:

31.12.2023.	Contractual cash flows					Expected interest payments	Carrying amount
	< 3 months	3-6 months	6-12 months	1-5 years	Total	Total	Total
Issued bonds	(412 500)	(412 500)	(825 000)	(16 650 000)	**(18 300 000)**	(3 648 785)	14 651 215
Loans from related companies	(13 500)	(13 500)	(928 717)	-	**(955 717)**	(54 000)	901 717
Lease liabilities	(888 003)	(1 477 708)	(2 596 919)	(11 261 008)	**(16 223 638)**	(2 010 592)	14 213 046
Other borrowings	(302 629)	(142 613)	(292 826)	-	**(738 068)**	(61 236)	676 832
Trade payables	(3 883 119)	-	-	-	**(3 883 119)**	-	3 883 119
Tax and other payables	(1 456 905)	-	-	-	**(1 456 905)**	-	1 456 905
	(6 956 656)	**(2 046 321)**	**(4 643 462)**	**(27 911 008)**	**(41 557 447)**	**(5 774 613)**	**35 782 834**

31.12.2022.	Contractual cash flows					Expected interest payments	Carrying amount
	< 3 months	3-6 months	6-12 months	1-5 years	Total	Total	Total
Issued bonds	(97 410)	(97 410)	(5 065 320)	-	**(5 260 140)**	(361 405)	4 898 735
Loans from related companies	(29 297)	(58 594)	(1 368 833)	-	**(1 456 724)**	(117 188)	1 339 536
Lease liabilities	(706 943)	(1 253 113)	(1 957 213)	(3 714 225)	**(7 631 494)**	(582 051)	7 049 443
Other borrowings	(437 693)	(389 726)	(924 416)	(6 026 708)	**(7 778 543)**	(720 689)	7 057 854
Trade payables	(5 162 357)	-	-	-	**(5 162 357)**	-	5 162 357
Tax and other payables	(1 374 466)	-	-	-	**(1 374 466)**	-	1 374 466
	(7 808 166)	**(1 798 843)**	**(9 315 782)**	**(9 740 933)**	**(28 663 724)**	**(1 781 333)**	**26 882 391**

Please also see Note 36 describing liquidity management and going concern considerations.

33. Financial risk management (cont)

Interest rate risk

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

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

Foreign currency risk

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

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

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

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

	31 December 2023		31 December 2022	
	SEK	**RUB**	**SEK**	**RUB**
Trade receivables	410 911	-	451 899	-
Trade payables	(135 875)	-	(179 777)	-
Net statement of financial position exposure	**275 036**	**-**	**272 122**	**-**
Next six months' forecast sales	1 630 890	454 165	1 520 333	294 285
Next six months' forecast purchases	(1 332 002)	(197 510)	(822 204)	(55 957)
Net forecast transaction exposure*	**298 888**	**256 655**	**698 129**	**238 328**
Net exposure	**573 924**	**256 655**	**970 251**	**238 328**

*Next forecast transaction exposure in RUB refers to disounted operations, but, based on the management's best estimate as at 31 December 2023, the sale process is expected to take up to 6 months from the balance sheet date.

The following exchange rates have been applied.

	Average rate		Year-end spot rate	
EUR	**2023**	**2022**	**2023**	**2022**
SEK 1	0.0872	0.0941	0.0901	0.0899
RUB 1	0.0109	0.0142	0.01015	0.0127

Due to geopolitical situation last time RUB exchange rate has been published by ECB on 1 March 2022. In order to provide users with more accurate information, the Group management decided to use the market rate for RUB transactions: for period 1 January 2022 till 1 March 2022 ECB published rate, starting 2 March 2022 and till the end of period rate, which is available on major financial market platforms which are providing real-time data (www.investing.com).

Sensitivity analysis

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

	Profit or loss		Equity, net of tax	
Effect in euro	**Strengthening**	**Weakening**	**Strengthening**	**Weakening**
SEK (10% movement)	23 806	(23 806)	(28 112)	28 112
RUB (30% movement)	80 896	(80 896)	318 445	(318 445)

34. Capital management

The purpose of the management of Group capital is to provide a high credit rating and balanced structure of capital to ensure successful activity of the Group and to maximize Group's share value. The Group is not subject to any externally imposed capital requirements. The Group is controlling the structure of the capital and adjusts that structure according to economic conditions. For control and adjustment of structure of the capital, the Group can change conditions of payment of dividends to shareholders, to return them part of shares or to release new shares. In 2023 and 2022 there were no changes introduced to purposes, policy or processes related to management of the capital.

	31.12.2023 EUR	31.12.2022 EUR
Interest bearing loans and borrowings	30 442 809	20 345 568
Trade and other payables	5 340 026	6 536 823
Less cash and cash equivalents	(1 717 088)	(675 051)
Net debt	**34 065 747**	**26 207 340**
Equity	65 811 782	23 057 353
Net debt to equity ratio:	**0.52**	**1.14**

35. Business combinations

35. (a) Subsidiaries acquired

On 28 December 2022, Storent Holding acquired all shares of Storent Investments AS and SEL Investments SIA. Both companies' business activity is rental of industrial equipment. Storent Investments AS and its subsidiaries in addition to a modern rental fleet and a large rental depo network have a wide customer base with a very well-developed trademark, experienced team and digital know-how. SEL Investments SIA and its two subsidiaries own around 50% of the construction equipment fleet that Storent group operates. The merger of both groups will allow to increase expertise and improve financial ratios to continue the development of the Storent Holding Group with a significantly higher speed and profitability.

Both acquisitions have been determined to have an integrated set of activities and assets, including relevant inputs and processes that are applied to those inputs, to be considered businesses as per IFRS 3 requirements.
The Group accounts for these business combinations as reverse acquisition – Storent Holding (the legal acquirer) is identified as the accounting acquiree and Storent Investments (the legal acquiree) is identified as the accounting acquirer due to its relative size and nature of operations. As a result, from the point of view of the combined entity (the Group), the acquisition of SEL Investments and Storent Holding are accounted for using the acquisition method.

	Principal activity	Date of acquisition	Proportion of voting equity interests acquired	Consideration transferred	Fair value of consideration transferred
Acquired in 2022					
- Storent Holding AS*	Activities of holding companies	28.12.2022	100%	12 000 000	12 000 000
- SEL Investments SIA	Renting and leasing of construction machinery and equipment	28.12.2022	100%	6 000 000	6 000 000
			TOTAL:	**18 000 000**	**18 000 000**

The Group incurred acquisition-related costs EUR 105 148 on legal fees. These costs have been included in 'Other administrative expenses' in the Consolidated statement of comprehensive income in 2022.
*These consolidated financial statements starting from 2022 are the continuation of the consolidated financial statements of the legal acquiree Storent Investments AS (identified as the accounting acquirer), excluding equity, and are reflecting the following:

- assets and liabilities of the legal acquiree (identified as the accounting acquirer) are recognized and measured at their pre-acquisition carrying amounts;
- assets and liabilities of the the legal acquirer (identified as the accounting acquiree) are recognized and measured at their fair value on acquisition date;
- the consolidated statement of comprehensive income of the the legal acquiree (identified as the accounting acquirer) for the full reporting period and the consolidated statements of comprehensive income of accounting acquirees since the date of their acquisition and up to the end of the reporting period.

The management has assessed that the nominal value of the consideration transferred (equity instruments issud) reflects their fair value.

35. Business combinations (cont.)

35. (b) Assets acquired and liabilities recognized at the date of acquisition

The following table summarises the fair value of net assets acquired and liabilities assumed at the date of acquisition.

Acquired on 28 December 2022

	SEL Investments SIA EUR	Storent Holding AS EUR
Current assets		
- Cash and cash equivalents	23 951	149 538
- Trade and other receivables, excluding pre-existing loan receivable	2 315 926	1 125
Non-current assets		
- Property, plant and equipment	12 148 366	23 164
Current liabilities		
- Trade and other payables	(428 775)	-
Non-current liabilities		
- Loans	(1 438 973)	(21 198)
Total net assets acquired:	**12 620 495**	**152 629**

The valuation techniques used for measuring the fair value of net assets and liabilities acquired were as follows:

- For Property, plant and equipment market comparison technique and cost technique were applied. The valuation model considers market prices for same or similar items when they are available, and depreciated replacement cost when appropriate. Depreciated replacement cost reflects adjustments for physical deterioration as well as functional and economic obsolescence. To determine fair values the sales prices of equipment sold on auctions and to splitrent vendors were collected and adjustment for bulk purchases applied.
- Fair value of Cash and cash equivalents, Trade and other receivables, Trade and other payables and Other borrowings, all carried at amortized cost, due to their short-term maturity approximated their carrying amount on the date of acquisition.
- Trade and other receivables mainly include trade receivables from contracts with customers, and are mainly related to a significant exposure to a specific counterparty that, before the acquisition, was used as an intermediary for transactions between Storent Investments AS group and SEL Investments AS group. Due to their short-term nature, the Group expects that materially all contractual cash flows from Trade and other receivables will be collected.

35. Business combinations (cont.)

35. c) Net result arising on acquisition

Net result arising from the acquisition has been recognised in 2022 as follows.

	SEL Investments SIA EUR	Storent Holding AS EUR
Non-financial consideration	6 000 000	150 000
Less: consideration of a pre-existing loan receivable	(650 000)	-
Net consideration transfered	**5 350 000**	**150 000**
Net assets acquired, including pre-existing loan receivable	(13 270 495)	(152 629)
Pre-existing loan receivable	650 000	-
Net assets acquired excluding pre-existing loan receivable	**(12 620 495)**	**(152 629)**
Goodwill / (gain on bargain purchase):	**(7 270 495)**	**(2 629)**

Settlement of pre-existing relationship

SEL Investments SIA and its subsidiaries had issued loans to Storent Investments AS and its subsidiaries in the end of December 2022 before the date of the acquisition in the total amount of EUR 650 000 as at the date of acquisition. This pre-existing relationship was effectively terminated on the date of acquisition. As the fair value of the relationship approximated its carrying amount on the date of acquisition there was no gain or loss recognized on the settlement of the pre-existing relationship.

Gain on bargain purchase from SEL Investments SIA acquisition is recognized in the consolidated statement of comprehensive income in 2022 within the line item 'Gain on bargain purchase'. Identifiable net assets acquired on the acquisition of SEL Investments mainly consist of property, plant and equipment. While the fair value of these assets on an individual basis, based on the management's assessment, may be higher in optimal market circumstances, these assets are generally of a specialized nature and exposed to the same set of risks, i.e. heavy equipment to be used in construction sites. This presents difficulties in selling such assets in bulk and over a short time frame, and in uncertain market situation of the end of 2022, requiring a discount to their fair value, which has resulted in the Group recognizing a gain on bargain purchase. No intangible assets acquired as part of the acquisition have been identified.

The difference between consideration transferred and fair value of identifiable net assets acquired from Storent Holding AS, as per reverse acquisition, has been recognized in 2022 directly in equity to Retained earnings / (Accumulated losses) under recapitalization line item.

35. Business combinations (cont.)

d) Impact of acquisitions on the results of the Group

As these consolidated financial statements starting from 2022 have been prepared following a reverse acquisition as a continuation of the amounts from the consolidated financial statements of Storent Investments AS, the consolidated results of the Group for 2022 include the consolidated statement of comprehensive income of the the legal acquiree (identified as the accounting acquirer) Storent Investments AS for the full reporting period and the consolidated statements of comprehensive income of accounting acquirees Storent Holding AS and SEL Investments SIA and its subsidiaries SELECTIA SIA and SELECTIA PLUS SIA since the date of their acquisition and up to the end of the reporting period.

Presented below are the adjusted results for the Group for 2022 as if it existed from the 1 January 2022, which combine Storent Holding AS, Storent Investments AS (consolidated) and SEL Investments SIA and its subsidiaries SELECTIA SIA and SELECTIA PLUS SIA statements of comprehensive income for 2022. The Group management considers these numbers to provide a reference point for comparison of the results of the Group in future periods.

Storent Investments AS and its subsidiaries and SEL Investments and its subsidiaries were parties to a contract under which SEL Investments and its subsidiaries provided Storent Investments AS and its subsidiaries with equipment rental services under a split-rent arrangement, while Storent Investments AS and its subsidiaries provided repair and maintenance services to SEL Investments and its subsidiaries. In these transactions also a third-party intermediary Preferrent SIA, which is not a part of the Group, was involved, and the services received from this intermediary were effectively terminated on the date of acquisition. The amount of the markup applied by the intermediary for these transactions in 2022 was EUR 52 649, which has been adjusted for in the adjusted result below.

SEL Investments and its subsidiaries had issued a loan to Storent Investments AS and its subsidiaries in the end of December 2022 before the date of the acquisition, and the resulting interest income / expenses in 2022 is assessed as immaterial to the adjusted result of the Group.

	Storent Holdings statement of consolidated comrehensive income 2022	Storent Group statement of consolidated comrehensive income 2022	SEL Investments Group statement of consolidated comrehensive income 2022	Adjustments	Adjusted results of the Group
	EUR			EUR	EUR
Net revenue	29 582	43 578 307	10 863 352	(12 720 214)	41 751 027
Other operating income	-	3 617 951	384 620	(806 978)	3 195 593
Cost of materials and services	-	(26 587 864)	(2 445 195)	13 474 543	(15 558 516)
Personnel costs	(1 183)	(8 338 615)	(37 994)	-	(8 377 792)
Other operating expenses	(6 462)	(6 642 048)	(76 624)	-	(6 725 134)
Depreciation and amotrization	(19 855)	(5 187 395)	(3 723 022)	-	(8 930 272)
Impairement gain / (loss) on trade receivables and cotract asset	-	(458 046)	-	-	(458 046)
Impairement loss on goodwill	-	(329 585)		-	(329 585)
Gain on bargain purchase	7 270 495	-	-	-	7 270 495
Finance income	3 293	24 284	1 005	-	28 582
Finance expenses	(1 170)	(2 137 530)	(220 119)	-	(2 358 820)
Profit / (loss) before income tax	**7 274 700**	**(2 460 542)**	**4 746 023**	**(52 649)**	**9 507 532**
Income tax income / (expenses)	(10)	(3 426)	-		(3 436)
Profit / (loss) from continuing operations	**7 274 690**	**(2 463 968)**	**4 746 023**	**(52 649)**	**9 504 096**
Profit / (loss) from discontinuing operations, net of tax	**-**	**(31 987)**	**-**		**(31 987)**
Total comprehensive income/(loss) for the year	**7 274 690**	**(2 495 955)**	**4 746 023**	**(52 649)**	**9 472 109**

36. Going concern of the Group

The Group's financial performance in the reporting year was a profit of EUR 4 781 063 (2022: profit of EUR 4 774 540). At the end of the year, the Group's current liabilities exceeded its current assets by EUR 3 646 903 (31.12.2022: current liabilities exceeded current assets by EUR 9 893 768) as a result of short-term lease borrowings with a monthly payment schedule. The Group management has made budget and cash flows plan and has not identified any events or conditions that may cast significant doubts on the Group's ability to continue as a going concern, especially taking in account that NetDebt/EBITDA ratio is in a very "healthy" level of 2.09.

Inflation peak in Baltic countries is over and interest rates are expected to start to decrease, Management expects that construction volumes will continue a growth trend in Latvia and Lithuania and will start to grow in Estonia also. Beside construction industry, other industries like military and events are increasing that gives additional income. Also, Nordic markets start to recover after decrease in 2023, especially positive trend can be seen in northern part of Finland and Sweden where wide industries are concentrated due to the available electricity resources.

First quarter results show rent income increase and rent income forecast for Q2 shows two-digit income growth as a result of significant investments in rental fleet. On the date of issuing these consolidated financial statements investment program exceeding 20 million euros has been ordered and most of it is expected to arrive before the high season in the summer months. In March 2024, the Group has successfully organized 10m bond issuance program to finance investments and further the Group's growth.

Taking into account the information currently available, the most recent key performance indicators of the Group's parent company and its subsidiary entities and the actions taken by management, the Group's parent company and its subsidiary entities expect to continue operations as a going concern.

37. Post balance sheet events

Non-adjusting events

In the beginning of March 2024, the Storent Holding Group underwent a legal reorganization process, which has resulted in the transfer of the shares of five subsidiaries from Storent Investments to Storent Holding, the increase of share capital of Storent Holding to EUR 33 500 000, the change in the corporate form to a joint stock company, the change in the corporate name of Storent Holdings SIA to Storent Holding AS and disposal of the indirect equity interest in Storent OOO.

Starting from 1 January 2024, the Group's entities in all countries have fully transitioned to the new, fully cloud-based ERP system. The financial accounting process has also migrated to the cloud environment, along with an integrated business analytics system.

In March 2024, Storent Holding AS announced a new bond issue of EUR 7 million, that was the second bond issue in a row to be oversubscribed. As a result of the big investor interest, through issuance of bonds the Group raised total amount of 10 million EUR in March 2024. The Group will use the proceeds for new investments, further mergers and acquisition and to refinance its liabilities.

Storent Holding is looking for further growth in all countries using investments in rental fleet and continuing to look for Merger and Acquisition deals. Shareholders of the Group are looking for capital increase and considering an initial public offering (IPO) to be one of the options.

During the period between the last day of the reporting year and the date of signing of these consolidated financial statements, there have been no other events requiring adjustment of or disclosure in the consolidated financial statements.

On behalf of the Group these consolidated financial statements were signed on April 30, 2023 by:

Andris Pavlovs
Chairman of the Board

Baiba Onkele
Chief financial officer

* * *

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Independent Auditors' Report

To the shareholders of Storent Holding AS

Report on the Audit of the Consolidated Financial Statements

Our Opinion on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Storent Holding AS ("the Company") and its subsidiaries ("the Group") set out on pages 8 to 61 of the accompanying consolidated Annual Report, which comprise:

- the consolidated statement of comprehensive income for the year ended 31 December 2023,
- the consolidated statement of financial position as at 31 December 2023,
- the consolidated statement of cash flows for the year then ended,
- the consolidated statement of changes in equity for the year then ended, and
- the notes to the consolidated financial statements, which include a summary of material accounting policies and other explanatory notes.

In our opinion, the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of Storent Holding AS and its subsidiaries as at 31 December 2023, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards as adopted by the European Union.

Basis for Opinion

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

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

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

Key Audit Matters

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

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

Impairment assessment of goodwill and other non-current non-financial assets

The Group's goodwill and other non-current non-financial assets as at 31 December 2023 amounted to EUR 91 632 340 (31 December 2022: EUR 41 453 980). Impairment charge of goodwill and other non-current non-financial assets for the year ended 31 December 2023 amounted to EUR 0 (year ended 31 December 2022: EUR 329 585).

Reference to the consolidated financial statements: Note 2 (e) "Use of judgements, estimates and assumptions", Note 2 (m) "Intangible assets", Note 2 (n) "Property, plant and equipment" and Note 2 (o) "Impairment of tangible and intangible assets other than goodwill" (accounting policies); Note 12 "Intangible assets", Note 13 "Property, plant and equipment" and Note 14 "Rights of use assets" (Notes to the consolidated financial statements).

Key audit matter

As discussed in Note 12, the Group estimated the recoverable amount of its cash generating units, to which goodwill and other non-current non-financial assets are allocated, as at 31 December 2023 to assess, whether there is any impairment loss to be recognized at the above date.

The assessment of the recoverable amount and impairment loss, if any, of the Group's goodwill and other non-current non-financial asset balances incorporated significant management judgement in respect of assumptions regarding the Storent Holdings Group's forecast financial performance, such as net turnover growth, EBITDA margin, timing and magnitude of EBITDA growth (among other things, as a result of internal cost optimization), as well as discount rates used. Small changes in the above assumptions can result in materially different outcomes. This, therefore, gives rise to inherent estimation uncertainty in the recoverable value of these assets recorded in the consolidated financial statements.

Due to the above factors, we considered impairment assessment of goodwill and other non-current non-financial assets 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 Group's accounting policy for identification of impairment, measurement of recoverable value and recognition of any impairment losses in respect of goodwill and other non-current non-financial assets;
- understanding the Group's business planning process, including the preparation and validation of financial and cash flows forecasts and testing the design and implementation of selected key internal controls over the Group's business planning process;
- assisted by our own valuation specialists, challenging the reasonableness of the key assumptions used in the determination of the prospective financial information, such as the forecast amounts of sales and timing of cash collections, forecast amounts of expenses, capital expenditure and timing of cash disbursements, discount rate and terminal growth rate based on our understanding of the Group's activities and by reference to publicly available industry/market reports;
- considering the reasonableness of the Group'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;
- considering whether the Group's disclosures regarding the sensitivity of the outcome of the impairment testing to changes in key assumptions completely and accurately reflected the estimation uncertainty in the recoverable value of these assets in line with the applicable requirements of the relevant financial reporting standards.

Estimation of fair values of property, plant and equipment and right of use assets under revaluation method of measurement

The Group's property, plant and equipment and right of use assets as at 31 December 2023 amounted to EUR 77 983 519 (31 December 2022: EUR 28 390 539). Revaluation reserve as at 31 December 2023 amounted to EUR 40 419 028 (as at 31 December 2022: EUR 0).

Reference to the consolidated financial statements: Note 2 (e) "Use of judgements, estimates and assumptions", Note 2 (n) "Property, plant and equipment" (accounting policies); Note 13 "Property, plant and equipment" and Note 14 "Rights of use assets" (Notes to the consolidated financial statements).

Key audit matter

As discussed in Note 13 and Note 14, the Group has changed its measurement basis for property, plant and equipment and right of use assets from cost to revaluation method. The fair value measurements are based on data obtained from reputable market sources and estimates by a certified independent appraiser.

The measurements of the fair value incorporated significant judgement in respect of methods, such as the use of depreciated replacement cost method of fair value estimation for assets with limited market data availability, and assumptions, such as comparable market data, replacement cost and useful life of the individual assets. Small changes in the above assumptions can result in materially different outcomes. This, therefore, gives rise to an inherent estimation uncertainty in

Our response

Our audit procedures included, among others:

- evaluating against the requirements of the relevant financial reporting standards the Group's accounting policy for fair value measurement and application of revaluation method in respect of property, plant and equipment and right of use assets;
- understanding the Group's revaluation process and assessing for reasonableness for the selection of methods, assumptions and data required for the fair value measurement of property, plant and equipment and right of use assets;
- assessing the relevance and reliability of input data and significant assumptions used in the estimation for a statistical

the fair value of these assets recorded in the consolidated financial statements. Due to the above factors, we considered the estimation of fair values of property, plant and equipment and right of use assets under revaluation method of measurement to be a key audit matter.	sample of property, plant and equipment and right of use assets; • developing an independent estimate of the fair value for a statistical sample of property, plant and equipment and right of use assets, comparing our amount to the Group's estimates and seeking management explanations for any significant deviations; • considering whether the Group's disclosures regarding the fair value estimates of property, plant and equipment and right of use assets applied under revaluation method of measurement, as well as the corresponding revaluation reserve is in line with the applicable requirements of the relevant financial reporting standards.

Reporting on Other Information

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

- General information, as set out on page 3 of the accompanying consolidated Annual Report,
- the Management Report, as set out on pages 4 to 6 of the accompanying consolidated Annual Report,
- the Statement on Management Responsibility, as set out on page 7 of the accompanying consolidated Annual Report,
- the Statement of Corporate Governance for 2023, as set out in a separate statement provided by Storent Holding AS management and available on the Nasdaq Baltic exchange website https://nasdaqbaltic.com, Storent Holding AS, section Reports.

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

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

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

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

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

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

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

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

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

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

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

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

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

Auditors' Responsibility for the Audit of the Consolidated Financial Statements

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

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

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

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

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

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

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

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

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

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

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

Report on Other Legal and Regulatory Requirements

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

We were appointed by the Company's shareholders' meeting on 4 October 2023 to audit the consolidated financial statements of Storent Holding AS and its subsidiaries for the year ended 31 December 2023. Our total uninterrupted period of engagement is 2 years, covering the periods ending 31 December 2022 to 31 December 2023.

We confirm that:

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

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

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

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

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

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

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

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

Auditors' Responsibility for the Examination of the ESEF Report

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

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

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

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

Opinion

In our opinion, the ESEF Report of the Group as at and for the year ended 31 December 2023 has been prepared, in all material respects, in accordance with the requirements of the RTS on ESEF.

KPMG Baltics SIA
Licence No. 55

Armine Movsisjana
Chairperson of the Board
Latvian Sworn Auditor
Certificate No. 178
Riga, Latvia
30 April 2024

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