JOINT-STOCK COMPANY

STORENT INVESTMENTS

(REGISTRATION NUMBER 40103834303)

CONSOLIDATED INTERIM REPORT FOR THE 6 MONTHS OF 2021

NOT AUDITED

Riga, 2021

CONTENT

General information

Name of the Group's Parent company	Storent Investments
Legal status of the Group's Parent company	Joint-stock company
The Group Parent company's registration number, place and date	40103834303 Riga, 7 October 2014
Registered address of the Group's Parent company	15a Matrozu Street, Riga, LV-1048, Latvia
Shareholders of the Group's Parent company	Levina Investments S.A.R.L. (Luxembourg) 73% (from 31.01.2017) Bomaria LTD (Latvia) 13.5% (from 01.09.2018) Supremo LTD (Latvia) 13.5% (from 01.09.2018)
Members of the Board	Andris Bisnieks, Member of the Board Andris Pavlovs, Member of the Board
Members of the Council	Nicholas Kabcenell, Chairman of the Council (from 11.12.2017) Baiba Onkele, Member of the Council Burak Dalgin, Member of the Council (from 04.04.2019) Arkadiusz Marek Podziewski, Chairman of the Council (till 04.04.2019)
Group's type of operations	Renting and leasing of construction machinery and equipment
Group's NACE code	77.32 (2.0 rev) Rental and leasing of construction and civil engineering machinery and equipment

Management report

The Group's type of operations

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

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

Total revenues of Storent Group in 6 months 2021 increased compared to 6 months 2020 by 6.5%, mainly due to the construction market growth. Despite negative impact of Covid-19 restrictions on economy in general rental equipment market showed positive trend. In spring time activity in construction and equipment rental rapidly increased, ensuring stable rental equipment demand. Company is continuing costs optimisation process which has resulted into significant loss decrease, comparing with the same time period last year. Creation of full cycle rental platform with digital authorisation and e-signed documents was a winning strategy in times of Covid-19. Despite any restrictions it enables to rent equipment fast and safe.

During the reporting period Group's rental fleet structure continued to change, with own equipment proportion decreasing from 57% in prior year to 43% in current period.

In June, Storent Investments AS repurchased securities in the amount of EUR 1,545,800 according to maturity date of terms and condition. The Group continues to sell older fixed assets to continues Groups strategy with lighter balance sheet structure and reduced amount of liabilities.

Baltic region showed revenue increase by almost 8% compared to the same period in last year facilitated by growing demand for rental units. The number of online orders is increasing, making close to 45% of total revenue in the Baltics. The number of digital authorizations and e-signed documents is continuing to grow and has reached best indicators in company's history. The use of new technologies facilitated good results. The start of summer season 2021 was very successful; demand is growing rapidly, which is based on general activity in construction market and initiation of „Rail Baltic" project. Rapid demand for construction materials and price increase both predict uncertainty in planning, sales, and generally in construction business.

Nordic region's construction market is gradually recovering and demand for rental units is growing. Revenue of Nordic operations slightly decreased compared to the same period in last year due to weak results in first quarter. There is positive trend starting Spring month and it continues also in summer.

Kaliningrad, revenue level for 6-month 2021 slightly decreased. This was impacted by lowering market activity related to regional management change. However, increase in construction volume is expected in the coming months.

In January 2020, the Group started cooperation with split-rent and re-rent platform PreferRent, in June 2021 43% of the total rental fleet was supplied from PreferRent. It allowed to increase the Group's efficiency since PreferRent took over a part of the fleet management function and provided increased rental fleet capacity without the Group incurring additional financial liabilities. According to approved Storent Group strategy, part of the rental fleet was sold to auction and to split-rent vendors, which resulted in own equipment proportion decreasing. A flexible approach to rental fleet rotation among Storent Group companies ensured a quicker response to construction market changes and, overall, a more efficient rental fleet usage.

Groups balance sheet has steady structure consisting of 25% shareholders equity, 42% long term liabilities and 33% short term liabilities. Non-current assets constitute 76% of the total assets. Group's business peculiarity historically was always having a working capital deficit due to large amount of liabilities to finance investments in rental equipment; however, this has not prevented the Company from meeting its obligations in accordance with their terms. 1.5 million euros bank account balance at the end of the accounting period is sufficient to ensure Groups operational activities. The Group concluded the financial period with a loss of 2.5 million euros, which was mostly affected by Covid-19 pandemic. The Group management continued to worked on efficiency increase by reducing headcount during 6 month of 2021 by 21 people, as well as realized savings on other expenses positions during the financial period.

In March 2020 in Baltics and then in late 2020 in Finland and Sweden, Storent launched the first online equipment rental platform that utilizes Artificial Intelligence and Machine Learning. By the June of 2021, in Baltics almost 45% of all equipment rental orders were made online and 80% of transactions were signed digitally.

The future development of the Group

The Group management plans further development of all subsidiaries. Core attention in 2021 continues to be paid to digital transformation and efficiency increase. The group will continue to develop its IT strategy to meet future needs. In June 2021, the Group joined PreferRent online marketplace which offers rental services by various rental companies in the Baltics.

The Group plans to continue selling own rental fleet and increase split-rent share in total rental income from current 43% to 50% during 2021. Management estimates that the construction industry will recover after Covid-19 pandemic in the autumn of 2021, yet, since the rental industry is seasonal, management believes that construction volumes will return to the level of 2020 and continue to grow only starting in the spring of 2022. It is expected that Rail Baltica project will give a significant positive impact on the construction industry in the Baltics.

Financial risk management

The Group's key principles of finance risk management are presented in the Note 31.

Events after the balance sheet date

In 2021, in order to meet minimal capital requirements according to respective country laws, the parent company decided to increase unrestricted reserves of Finnish subsidiary in total amount of EUR 1 000 000, which will be used, among others, to settle liabilities towards other Storent Group companies.

The rapid development of the Covid-19 virus and its social and economic impact in countries, in which the Group operates in, and globally may result in assumptions and estimates requiring revisions which may lead to material adjustments to the carrying value of assets and liabilities within the next financial year. Please refer further to Notes 34 and 35 to the financial statements.

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

Statement of management's responsibility

On the basis of information held by the management board of the groups parent company the financial and other additional information published in the Interim report January– June 2021 is true and complete. Consolidated financial statement gives a true and fair view of the actual financial position and results of operations. The interim management report contains true information.

Consolidated financial statements in the report for the period January – June 2021 is not yet audited.

Andris Bisnieks
Member of the Management Board

Andris Pavlovs
Member of the Management Board

Consolidated statement of comprehensive income

	Notes	01.01.2021-30.06.2021 EUR	01.01.2020-30.06.2020 (reclassified*) EUR
Net revenue	3	19 091 676	18 239 672
Other operating income	4	591 243	249 872
Cost of materials and services	5	(10 248 461)	(8 183 667)
Personnel costs	10	(4 408 681)	(5 749 983)
Other operating expenses	6	(2 722 581)	(3 155 738)
Depreciation and amortization	7	(3 624 904)	(4 894 736)
Impairement gain/(loss) on trade receivables and contract assets		(47 795)	(146 014)
Finance income	8	137 189	19 118
Finance expenses	9	(1 310 635)	(1 708 296)
Profit /(loss) before income tax		**(2 542 949)**	**(5 329 772)**
Income tax income / (expense)		(1 203)	(4 932)
Profit /(loss) for the year		**(2 544 152)**	**(5 334 704)**
Items that may be reclassified subsequently to profit or loss			
Exchange differencies on foreign currency operations		(4 990)	(29 694)
Other comprehensive income /(loss) for the year		**(4 990)**	**(29 694)**
Total comprehensive income/ (loss) for the year		**(2 549 142)**	**(5 364 398)**

*See Note 33.

The notes on pages 12 to 50 are an integral part of these interim report.

Consolidated statement of financial position

ASSETS

		30.06.2021	31.12.2020
NON-CURRENT ASSETS	Notes	**EUR**	**EUR**
Intangible assets			
Licences and similar rights		36 314	52 159
Other intangible investments		1 071 555	1 426 696
Intangible assets in process		857 368	418 813
Goodwill		11 316 707	11 316 707
TOTAL	11	**13 281 944**	**13 214 375**
Property, plant and equipment			
Lands and buildings		211 597	219 125
Leasehold improvements		24 915	33 103
Machinery and equipment		7 926 632	10 404 644
Other fixed assets		507 421	633 139
TOTAL	12	**8 670 565**	**11 290 011**
Rights of use assets			
Licences and similar rights		36 789	49 774
Lands and buildings		522 082	636 975
Machinery and equipment		17 012 896	21 005 974
Other fixed assets		511 006	621 874
TOTAL	13	**18 082 773**	**22 314 597**
TOTAL NON-CURRENT ASSETS		**40 035 282**	**46 818 983**
CURRENT ASSETS			
Inventories	14	1 159 792	1 108 345
Receivables			
Trade receivables	15	9 874 968	7 527 683
Contract assets	16	6 976	13 804
Other receivables	17	229 266	268 777
Prepaid expenses	18	207 408	287 808
TOTAL		**10 318 618**	**8 098 072**
Cash and cash equivalents	19	1 472 160	3 720 140
TOTAL CURRENT ASSETS		**12 950 570**	**12 926 557**
TOTAL ASSETS		**52 985 852**	**59 745 540**

The notes on pages 12 to 50 are an integral part of these interim report.

Consolidated statement of financial position

EQUITY AND LIABILITIES

EQUITY	Notes	30.06.2021 EUR	31.12.2020 EUR
Share capitals	20	33 316 278	33 316 278
Reserves:			
Foreign currency translation reserve		(30 093)	(25 103)
Other reserves		26 774	26 774
Accumulated losses:			
Previous reporting periods accumulated deficit		(17 778 217)	(6 444 738)
Profit (loss) of the reporting period		(2 544 152)	(11 333 479)
TOTAL EQUITY		**12 990 590**	**15 539 732**
LIABILITIES			
Long-term liabilities			
Issued bonds	22	4 730 102	3 340 561
Borrowings from related parties	29 (c)	5 919 906	6 275 219
Finance lease liabilities	23	9 506 413	11 158 537
Other borrowings	24	2 172 567	3 107 487
TOTAL		**22 328 988**	**23 881 804**
Short-term liabilities			
Issued bonds	22	78 378	4 105 907
Borrowings from related parties	29 (c)	668 228	-
Finance lease liabilities	23	5 814 598	6 211 840
Other borrowings	24	2 707 542	3 328 932
Contract liabilities	16	607 110	552 477
Trade payables		4 245 761	3 301 952
Taxes and national mandatory social insurance contributions	25	1 598 643	958 575
Deferred income	26	101 425	136 550
Other provisions	21	53 176	116 919
Other liabilities	27	417 696	423 336
Accrued liabilities	28	1 373 717	1 187 516
TOTAL		**17 666 274**	**20 324 004**
TOTAL LIABILITIES		**39 995 262**	**44 205 808**
TOTAL EQUITY AND LIABILITIES		**52 985 852**	**59 745 540**

The notes on pages 12 to 50 are an integral part of these interim report.

Consolidated statement of cash flows

	Notes	01.01.2021-30.06.2021 EUR	01.01.2020-30.06.2020 EUR
Cash flows from operating activities			
Profit/ (loss) before income tax		(2 542 949)	(5 329 772)
Adjustments:			
Amortisation of intangible assets and depreciation of property, plant and equipment	11,12,13	3 624 904	4 894 736
Net result on disposals of property, plant and equipment		(262 293)	432 917
Interest expense	9	1 301 387	1 650 799
Provision increase		546 789	(522 444)
Operating results before changes in working capital		***2 667 838***	***1 126 236***
Receivables (increase) / decrease		(2 220 546)	(4 781 711)
Inventories decrease / (increase)		(51 447)	103 762
Payables (decrease) / increase		1 190 854	1 616 400
Cash flows from operating activities		***1 586 699***	***(1 935 313)***
Interest paid		(921 059)	(1 106 552)
Corporate income tax paid		(1 203)	(14 926)
Net cash flow generated from operating activities		**664 437**	**(3 056 791)**
Cash flows from investing activites			
Purchases of intangible assets and property, plant and equipment		(1 797 214)	(1 637 709)
Proceeds from sale of property, plant and equipment		5 218 303	6 645 137
Net cash used in investing activities		**3 421 089**	**5 007 428**
Cash flows from financing			
Proceeds from bonds		-	200 000
Repaymnent of borrowings from credit institutions		-	(7 006)
Repaymnent of bonds		(2 625 800)	-
Repaymnent of other borrowings		(1 633 640)	(671 655)
Repayment of lease liabilities		(2 049 373)	(2 280 588)
Net cash used in financing activities		**(6 308 813)**	**(2 759 249)**
Foreign curreny exchange		(24 693)	(29 694)
Net cash flow for the period		**(2 247 980)**	**(838 306)**
Cash and cash equivalents at the beginning of the reporting period		3 720 140	3 892 159
Cash and cash equivalents at the end of the reporting period	**19**	**1 472 160**	**3 053 853**

The notes on pages 12 to 50 are an integral part of these interim report.

Consolidated statement of changes in equity

	Share Capital	Foreign currency translation reserve	Other reserves*	Previous' years accumulated deficit	Profit/ (loss) for the year	Total
	EUR	EUR	EUR	EUR	EUR	EUR
Balance at 31 December 2019	**33 316 278**	**56 673**	**26 774**	**(6 464 487)**	**19 749**	**26 954 987**
Loss for the period	-	-	-	-	(5 334 704)	**(5 334 704)**
Other comprehensive income	-	(29 694)	-	-	-	**(29 694)**
Transfer of previous' year profit	-	-	-	19 749	(19 749)	**-**
Balance at 30 June 2020	**33 316 278**	**26 979**	**26 774**	**(6 444 738)**	**(5 334 704)**	**21 590 589**
Loss for the period	-	-	-	-	(5 998 775)	**(5 998 775)**
Other comprehensive income	-	(52 082)	-	-	-	**(52 082)**
Transfer of previous' year profit	-	-	-	-	-	**-**
Balance at 31 December 2020	**33 316 278**	**(25 103)**	**26 774**	**(6 444 738)**	**(11 333 479)**	**15 539 732**
Loss for the period	-	-	-	-	(2 544 152)	**(2 544 152)**
Other comprehensive income	-	(4 990)	-	-	-	**(4 990)**
Transfer of previous' year profit	-	-	-	(11 333 479)	11 333 479	**-**
Balance at 30 June 2021	**33 316 278**	**(30 093)**	**26 774**	**(17 778 217)**	**(2 544 152)**	**12 990 590**

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

The notes on pages 12 to 50 are an integral part of these interim report.

Notes to the consolidated financial statements

1. General information

Storent Investments AS (hereinafter – the Group's Parent company or Storent Investments AS) was registered in the Company Register of the Republic of Latvia on 7 October 2014. Registered address of the Group's Parent company is 15A Matrozu street, Riga. Starting from 20 November 2014, the major shareholder of the Group's Parent company is LEVINA INVESTMENTS S.A.R.L (Luxemburg) and ultimate controlling party is Convering Europe Fund III (SCS) SICAR. LEVINA INVESTMENTS S.A.R.L as an investment entity does not produce consolidated financial statements.
The Group's Parent company and its subsidiaries Storent SIA, UAB Storent, Storent OÜ, Storent AB, Storent AS, Storent OOO, Storent Holding Finland OY and Storent Oy (hereinafter – the Group) main operations relate to the rental of industrial equipment.

2. Summary of significant accounting policies

(a) Basis of preparation

These unaudited condensed consolidated interim financial statements of Group for 6 months 2021 have been prepared in accordance with IAS 34 Interim Financial Reporting and should be read in conjunction with the Group's last annual consolidated financial statements as at and for the year ended 31.12.2020. They do not include all of the information required for the complete set of IFRS financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the end of last annual financial statements.
The consolidated financial statements have been prepared on the historical cost basis except positions which are stated at their fair values. Income statement classified by expense type. Cash flow statement is prepared using the indirect method.
The accompanying consolidated financial statements are presented in the currency of the Latvian Republic, the euro (hereinafter – EUR).

(b) Consolidation

As at 30 June 2021 the Group's Parent company had control over the following subsidiaries:

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

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

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

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

2. Summary of significant accounting policies (cont.)

(b) Consolidation (cont.)

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

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

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

(c) Foreign currency transactions

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

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

European Central Bank reference exchange rates:

	30.06.2021	**31.12.2020**	**30.06.2020**
	EUR	**EUR**	**EUR**
1 USD	0.84147	0.81493	0.89301
1 GBP	1.16543	1.11231	1.09597
1 NOK	0.09831	0.09551	0.91642
1 SEK	0.09890	0.09966	0.95285
1 RUB	0.01152	0.01093	0.01255

Profit or losses 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 profit and loss.

(d) Consolidation of foreign subsidiaries

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

(e) Estimates and assumptions

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

2. Summary of significant accounting policies (cont.)

(e) Estimates and assumptions (cont.)

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

- *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 fixed assets are necessary as of 30 June 2021.

(f) Fair value

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

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

(g) Segment information

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

(h) Revenue recognition

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

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

The following criteria are used for determination of contractual relations:

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

2. Summary of significant accounting policies (cont.)

(h) Revenue recognition *(cont)*

Determination of contract performance obligation.

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

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

Determination of transaction price

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

Attribution of the transaction price to the performance obligation

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

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

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

<u>Transport and related services revenue</u>
Revenue is recognised over time as the services are provided, that is based on criteria that the customer simultaneously receives and consumes all of the benefits provided by the Group and, generally, invoiced on a monthly basis.
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.
<u>Revenue from sale of inventories and property, plant and equipment used for renting</u>
Revenue is recognised at a point in time when the corresponding asset is delivered to and accepted by the customer, thus, transferring the control and fulfilling the performance obligation, and, generally, invoiced at that point in time.

Contract assets and liabilities

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

(i) Employee benefits

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

2. Summary of significant accounting policies (cont.)

(j) Finance income and finance costs

The Group's finance income and finance costs include:

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

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

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

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

(k) Intangible assets

Goodwill

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

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

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

2. Summary of significant accounting policies (cont.)

(k) Intangible assets (cont.)

Other intangible assets

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

Development costs of intangible assets

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

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

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

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

Amortisation

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

Trademarks and domains	5 years
Software licenses	3 years
Customer relationships	3 years

(l) Property, plant and equipment

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

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

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

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

2. Summary of significant accounting policies (cont.)

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

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

(n) 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.

(o) 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.

(p) 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.

(q) Cash and cash equivalents

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

(r) Contingent liabilities and assets

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

2. Summary of significant accounting policies (cont.)

(s) Provisions

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

(t) Financial assets and financial liabilities

Financial assets

Recognition, classification and subsequent measurement

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

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

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

The Group classifies its financial assets as financial assets at amortised cost in line with its business model to hold the financial assets and collect the contractual cash flows, which consist only of payments of principal and interest on the outstanding principal amount. The assets in the statement of financial position that belong to this category are Trade receivables and Other 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 considers a financial asset to be in default when the borrower is in significant financial difficulty and is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or the financial asset is more than 90 days past due. Such financial assets in default are considered to be credit-impaired.

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

2. Summary of significant accounting policies (cont.)

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

Factoring

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

Financial liabilities

Recognition, classification and subsequent measurement

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

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

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

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

Offsetting

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

(u) Leases

The Group as lessor

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

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.)

(u) 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.

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

(v) Related party transaction

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

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

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

2. Summary of significant accounting policies (cont.)

(w) Post balance sheet events

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

3. Net revenue and operating segments

Net revenue by products and services	01.01.2021-30.06.2021 EUR	01.01.2020-30.06.2020 (reclassified*) EUR
Rental revenue – own equipment	3 976 212	5 789 449
Rental revenue – sub-lease of right-of-use assets (see also Note 13)	2 577 461	3 665 557
Rental revenue – equipment under split rent arrangements (see also Note 13)	7 749 797	4 380 502
TOTAL Rental income:	**14 303 470**	**13 835 508**
Transport and related services revenue	4 455 613	3 993 925
Revenue from sale of inventories	355 385	435 259
Cash discounts to customers	(22 792)	(25 020)
TOTAL Revenue from contracts with customers:	**4 788 206**	**4 404 164**
TOTAL:	**19 091 676**	**18 239 672**

Operating segments

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

Net revenue per geographical location	01.01.2021-30.06.2021 EUR	01.01.2020-30.06.2020 (reclassified*) EUR
Latvia	6 253 618	5 846 412
Lithuania	4 703 788	3 774 214
Estonia	1 939 452	2 288 712
TOTAL Baltic (Latvia, Estonia and Lithuania):	**12 896 858**	**11 909 338**
Finland	4 875 785	5 065 839
Sweden	1 091 483	1 005 205
TOTAL Nordic (Finland and Sweden):	**5 967 268**	**6 071 044**
Russia, Kaliningrad	227 550	259 290
TOTAL:	**19 091 676**	**18 239 672**

*See Note 33.

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

Operating result per geographical location	01.01.2021-30.06.2021 EUR	01.01.2020-30.06.2020 EUR
Baltic (Latvia, Estonia and Lithuania)	153 279	(2 018 719)
Nordic (Finland and Sweden)	(1 539 379)	(1 614 940)
Russia, Kaliningrad	37 220	46 916
Elimination of inter-segment operating result	(20 623)	(53 851)
Finance income	137 189	19 118
Finance expenses	(1 310 635)	(1 708 296)
Consolidated profit/(loss) before tax:	**(2 542 949)**	**(5 329 772)**

3. Net revenue and operating segments (cont.)

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

Property, plant and equipment and right of use assets per geographical location, net book value	**30.06.2021 EUR**	**31.12.2020 EUR**	**30.06.2020 EUR**
Finland	3 697 797	10 734 786	12 043 425
Sweden	2 702 339	2 446 435	2 682 961
TOTAL Nordic (Finland and Sweden):	**6 400 136**	**13 181 221**	**14 726 386**
Latvia	10 535 935	10 272 012	12 485 934
Lithuania	6 081 589	5 826 521	6 805 073
Estonia	3 527 907	4 146 616	5 848 297
TOTAL Baltic (Latvia, Estonia and Lithuania):	**20 145 431**	**20 245 149**	**25 139 304**
Russia, Kaliningrad	170 982	128 464	93 375
TOTAL:	**26 716 549**	**33 554 834**	**39 959 065**

Intangible assets (including goodwill) and right of use assets per geographical location, net book value	**30.06.2021 EUR**	**31.12.2020 EUR**	**30.06.2020 EUR**
Finland	1 300 416	1 645 263	1 558 002
Sweden	203 641	142 949	120 632
TOTAL Nordic (Finland and Sweden):	**1 504 057**	**1 788 212**	**1 678 634**
Latvia	1 549 698	1 377 293	1 234 610
Lithuania	9 101 322	8 982 107	9 044 443
Estonia	774 265	749 452	4 831 705
TOTAL Baltic (Latvia, Estonia and Lithuania):	**11 425 285**	**11 108 852**	**15 110 758**
Russia, Kaliningrad	389 391	367 085	339 636
TOTAL:	**13 318 733**	**13 264 149**	**17 129 028**
TOTAL NON-CURRENT NON-FINANCIAL ASSETS:	**40 035 282**	**46 818 983**	**57 088 093**

4. Other operating income

By type	**01.01.2021-30.06.2021 EUR**	**01.01.2020-30.06.2020 (reclassified*) EUR**
Insurance reimbursements received	131 647	103 268
Recognized deferred income (see also Note 26)	35 125	98 956
Cost reimbursement	31 944	45 330
Other income	3 801	2 318
Gain on sale of property, plant and equipment used for renting, net	388 726	-
TOTAL:	**591 243**	**249 872**

*See Note 33.

5. Cost of material and services

a) Cost of raw materials and ancillary materials

		01.01.2020-30.06.2020 EUR	01.01.2020-30.06.2020 (reclassified*) EUR
Cost of materials		271 968	364 837
Renting equipment adjustments as a result of stock counts		1 037	2 381
	TOTAL:	**273 005**	**367 218**

b) Other external costs

		01.01.2021-30.06.2021 EUR	01.01.2020-30.06.2020 EUR
Equipment rent related costs		5 473 864	3 169 484
Transport and assembly services		3 029 662	3 135 146
Repairs and maintenance services		1 471 930	1 511 819
	TOTAL:	**9 975 456**	**7 816 449**
	TOTAL:	**10 248 461**	**8 183 667**

*See Note 33.

6. Other operating expenses

		01.01.2021-30.06.2021 EUR	01.01.2020-30.06.2020 (reclassified*) EUR
Rent of offices and areas and maintenance costs		1 160 229	1 111 917
IT expenses		478 821	633 782
Losses on sale of property, plant and equipment used for renting, net*		-	280 937
Other administrative expenses		240 895	206 136
Administration transport costs		222 520	209 892
Remuneration to contractors		176 656	26 721
Insurance costs		123 616	153 876
Marketing expenses		119 659	225 687
Communication expenses		69 214	78 750
Consulting and other services		51 648	18 810
Legal services		54 163	18 182
Written-off doubtful debts		25 160	191 048
	TOTAL:	**2 722 581**	**3 155 738**

*Storent SIA and Storent Oy, on an ongoing basis, performs optimization of the rental equipment fleet by selling equipment, which is no longer in demand in rental market. The increase in rental equipment sold in 2021 is related to the management's-initiated change in the Group's operating model to increase the share of rental equipment provided by split-rent vendors. See also Note 33.

6. Other operating expenses (cont.)

Losses on sale of property, plant and equipment used for renting, net calculation:	**01.01.2020-30.06.2020 EUR**
Gross income from sale of property, plant and equipment used for renting	6 497 412
Cost of sold property, plant and equipment used for renting	(6 778 349)
TOTAL Losses on sale of property, plant and equipment used for renting, net:	**(280 937)**

7. Depreciation and amortization

	01.01.2021-30.06.2021 EUR	**01.01.2020-30.06.2020 (reclassified*) EUR**
Depreciation of property, plant and equipment used for renting	1 069 711	1 813 820
Depreciation of property, plant and equipment used for own needs	164 570	182 913
Rights of use assets amortization	1 895 005	2 471 517
Amortization of intangible assets	487 430	404 018
Written - off part of long-term investments in leased fixed assets	8 188	22 468
TOTAL:	**3 624 904**	**4 894 736**

*See Note 33.

8. Finance income

	01.01.2021-30.06.2021 EUR	**01.01.2020-30.06.2020 EUR**
Other financial income*	104 733	-
Foreign exchange income	31 065	15 472
Interest income calculated using the effective interest method	1 391	3 646
TOTAL:	**137 189**	**19 118**

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

9. Finance expenses

	01.01.2021-30.06.2021 EUR	01.01.2020-30.06.2020 EUR
Interest on borrowings* calculated using the effective interest method	589 067	613 298
Interest on leases	418 623	447 688
Interest on bonds* calculated using the effective interest method	291 404	583 722
Interest on factoring**	2 293	5 480
Foreign exchange losses	2 631	36 700
Other expenses	6 617	21 408
TOTAL:	**1 310 635**	**1 708 296**

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

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

10. Personnel expenses

	01.01.2021-30.06.2021 EUR	01.01.2020-30.06.2020 EUR
Salaries	3 226 782	4 329 423
State social security mandatory contributions	908 630	822 354
Other personnel costs	273 269	598 206
TOTAL:	**4 408 681**	**5 749 983**

11. Intangible assets

	Licenses and similar rights	Other intangible assets	Intangible assets in process	Goodwill	TOTAL
	EUR	EUR	EUR	EUR	EUR
At 31 December 2019					
Historical cost	558 543	3 815 816	-	15 346 352	19 845 711
Accumulated amortisation	(405 507)	(2 343 674)	-	-	(2 874 181)
Net carrying value	**153 036**	**1 472 142**	**-**	**15 346 352**	**16 971 530**
01.01.2020-30.06.2020					
Net carrying value, opening	153 036	1 472 142	-	15 346 352	16 971 530
Additions	-	541 045	-	-	541 045
Transferred	-	8 791	-	-	8 791
Write-off	(53 205)	(38)	-	-	(53 243)
Amortisation	(26 130)	(377 888)	-	-	(404 018)
Net carrying value, closing	73 701	1 644 052	-	15 346 352	17 064 105
At 30 June 2020					
Historical cost	505 338	4 365 614	-	15 346 352	20 342 304
Accumulated amortisation	(431 637)	(2 721 562)	-	-	(3 278 199)
Net carrying value	**73 701**	**1 644 052**	**-**	**15 346 352**	**17 064 105**
At 31 December 2020					
Historical cost	505 339	4 594 335	418 813	11 316 707	16 835 194
Accumulated amortisation	(453 180)	(3 167 639)	-	-	(3 620 819)
Net carrying value	**52 159**	**1 426 696**	**418 813**	**11 316 707**	**13 214 375**
01.01.2021-30.06.2021					
Net carrying value, opening	52 159	1 426 696	418 813	11 316 707	13 214 375
Additions	937	115 507	438 555	-	554 999
Amortisation	(16 782)	(470 648)	-	-	(487 430)
Net carrying value, closing	36 314	1 071 555	857 368	11 316 707	13 281 944
At 30 June 2021					
Historical cost	506 276	4 709 842	857 368	11 316 707	17 390 193
Accumulated amortisation	(469 962)	(3 638 287)	-	-	(4 108 249)
Net carrying value	**36 314**	**1 071 555**	**857 368**	**11 316 707**	**13 281 944**

All intangible assets are used by the Group.

Goodwill by CGU	**30.06.2021 EUR**	**31.12.2020 EUR**
Storent SIA	680 035	680 035
Storent UAB	8 742 675	8 742 675
Storent OU	542 475	542 475
Storent Oy	1 021 937	1 021 937
Storent OOO	329 585	329 585
	11 316 707	**11 316 707**

11. Intangible assets (cont.)

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

30.06.2021	**Storent SIA**	**Storent UAB**	**Storent OU**	**Storent Oy**	**Storent AB**	**Storent OOO**
EBITDA margin	14%-16% in years 2022-2025, 17% in terminal year (2020 actual: 18%)	13%-17% in years 2022-2025, 15% in terminal year (2020 actual: 11%)	5%-14% in years 2022-2025, 14% in terminal year (2020 actual: -6%)	23%-25% in years 2022-2025, 19% in terminal year (2020 actual: 14%)	14%-19% in years 2022-2025, 5% in terminal year (2020 actual: 4%)	36%-37% in years 2022-2025, 37% in terminal year (2020 actual: 37%)
EBITDA growth rate	2%	4%	9%	2%	5%	1%
Period of cash flows forecast	5 years + terminal year	5 years + terminal year	5 years + terminal year	5 years + terminal year	5 years + terminal year	5 years + terminal year
WACC	9.93%	9.93%	9.93%	9.93%	9.93%	9.93%
Terminal growth rate	0,62%	0,62%	0,62%	0,62%	0,62%	0,62%

31.12.2020	**Storent SIA**	**Storent UAB**	**Storent OU**	**Storent Oy**	**Storent AB**	**Storent OOO**
EBITDA margin	12%-16% in years 2021-2025, 16% in terminal year (2020 actual: 18%)	12%-17% in years 2021-2025, 17% in terminal year (2020 actual: 11%)	3%-14% in years 2021-2025, 14% in terminal year (2020 actual: -6%)	24%-25% in years 2021-2025, 25% in terminal year (2020 actual: 14%)	10%-19% in years 2021-2025, 19% in terminal year (2020 actual: 4%)	36%-37% in years 2021-2025, 37% in terminal year (2020 actual: 37%)
EBITDA growth rate	4%	5%	9%	1%	9%	1%
Period of cash flows forecast	5 years + terminal year	5 years + terminal year	5 years + terminal year	5 years + terminal year	5 years + terminal year	5 years + terminal year
WACC	8,98%	8,98%	8,98%	8,98%	8,98%	8,98%
Terminal growth rate	0,62%	0,62%	0,62%	0,62%	0,62%	0,62%

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

The recoverable value of goodwill and other non-current non-financial assets significantly depends on the assumptions used in the assessment of recoverable value with respect to EBITDA margin and EBITDA growth rate and the Group management's ability to realize those assumptions, as well the overall development of Baltic and Nordic construction market. Any adverse changes to these assumptions caused by volatility of the market the Group operates in, may negatively influence the recoverable value of goodwill and other non-current non-financial assets recognized on the Group's balance sheet as of 30 June 2021. Please refer further to Notes 34 and 35.

11. Intangible assets (cont.)

Sensitivity analysis

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

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

	Weighted average cost of capital 9.93%				EBITDA target reached by 90%			
	EBITDA target reached by 90%	EBITDA target reached by 80%	EBITDA target reached by 90%	EBITDA target reached by 80%	Weighted average cost of capital 8.93%	Weighted average cost of capital 10.93%	Weighted average cost of capital 8.93%	Weighted average cost of capital 10.93%
m EUR	**2021**	**2021**	**2020**	**2020**	**2021**	**2021**	**2020**	**2020**
Storent SIA	19,68	16,50	15,65	12,02	22,99	17,21	20,44	12,23
Storent UAB	9,44	7,38	12,56	10,19	11,75	7,71	15,91	10,18
Storent OU	-0,38	-1,.24	-0,31	-1,37	0,77	-1,24	1,35	-1,50
Storent AB	3,43	2,.58	4,56	3,54	4,42	2,70	5,98	3,54
Storent Oy	8,61	5,87	15,08	11,9	11,12	6,73	18,71	12,49
Storent OOO	0,59	0,44	0,50	0,33	0,70	0,51	0,66	0,38
KOPĀ:	**41,38**	**31,52**	**48,04**	**36,61**	**51,76**	**33,62**	**63,06**	**37,32**

12. Machinery and equipment

	Land and buildings	Leasehold improvements	Plant and equipment	Other fixed assets	TOTAL
	EUR	EUR	EUR	EUR	EUR
at 31 December 2019					
Historical cost	307 058	305 909	38 065 065	3 247 719	41 935 758
Accumulated depreciation	(72 877)	(235 516)	(20 494 749)	(2 422 100)	(23 225 242)
Net carrying value	**234 181**	**70 393**	**17 570 316**	**825 619**	**18 710 516**
01.01.2020-30.06.2020					
Net carrying value, opening	234 181	70 393	17 570 316	825 619	18 710 516
Additions	-	1 521	597 302	95 217	694 040
Transfered	-	-	-	-	(8 782)
Transferred from ROU at the end of the lease (book value)	-	-	807 677	-	
Disposals, net	-	(2 583)	(4 094 960)	(14 603)	(4 113 371)
Depreciation	(5 817)	(22 468)	(1 813 820)	(177 096)	(2 019 201)
Net carrying value, closing	228 364	46 863	13 066 515	729 137	14 070 879
at 30 June 2020					
Historical cost	307 058	304 847	35 375 084	3 328 333	39 315 322
Accumulated depreciation	(78 694)	(257 984)	(22 308 569)	(2 599 196)	(25 244 443)
Net carrying value	**228 364**	**46 863**	**13 066 515**	**729 137**	**14 070 879**
at 31 December 2020					
Historical cost	302 978	313 482	34 345 305	3 401 459	38 363 224
Accumulated depreciation	(83 853)	(280 379)	(23 940 661)	(2 768 320)	(27 073 213)
Net carrying value	**219 125**	**33 103**	**10 404 644**	**633 139**	**11 290 011**
01.01.2021-30.06.2021					
Net carrying value, opening	219 125	33 103	10 404 644	633 139	11 290 011
Additions	-	-	563 209	36 473	599 682
Transferred from ROU at the end of the lease (book value)	-	-	494 459	26 589	521 048
Disposals, net	-	-	(2 465 969)	(31 738)	(2 497 707)
Depreciation	(7 528)	(8 188)	(1 069 711)	(157 042)	(1 242 469)
Net carrying value, closing	211 597	24 915	7 926 632	507 421	8 670 565
at 30 June 2021					
Historical cost	302 978	313 482	32 937 004	3 432 783	36 986 247
Accumulated depreciation	(91 381)	(288 567)	(25 010 372)	(2 925 362)	(28 315 682)
Net carrying value	**211 597**	**24 915**	**7 926 632**	**507 421**	**8 670 565**

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

13. Rights of use assets

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

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

	Licenses and similar rights	Land and buildings	Machinery and equipment	Other fixed assets	Total
	EUR	EUR	EUR	EUR	EUR
01.01.2020-30.06.2020	-	1 114 244	29 987 732	738 107	31 840 083
Additions	77 907	118 235	97 800	108 681	402 623
Transfered at the end of the lease (book value)	-	-	(807 677)	-	(807 677)
Disposals, net	-	-	(3 000 736)	(9 668)	(3 010 404)
Depreciation	(12 985)	(154 922)	(2 178 782)	(124 828)	(2 471 517)
Net carrying value at 30 June 2020	**64 922**	**1 077 557**	**24 098 337**	**712 292**	**25 953 108**
At 30 June 2020					
Historical costs	77 907	1 504 682	31 352 799	1 059 388	33 994 776
Accumulated depreciation	(12 985)	(427 125)	(7 254 462)	(347 096)	(8 041 668)
Net carrying value	**64 922**	**1 077 557**	**24 098 337**	**712 292**	**25 953 108**
At 30 December 2020					
Historical costs	77 907	1 227 185	29 654 736	1 080 402	32 040 230
Accumulated depreciation	(28 133)	(590 210)	(8 648 762)	(458 528)	(9 725 633)
Net carrying value	**49 774**	**636 975**	**21 005 974**	**621 874**	**22 314 597**
01.01.2021-30.06.2021	49 774	636 975	21 005 974	621 874	22 314 597
Additions	-	7 525	583 804	51 204	642 533
Transfered at the end of the lease (book value)	-	-	(494 459)	(26 589)	(521 048)
Disposals, net	-	-	(2 438 151)	(20 153)	(2 458 304)
Depreciation	(12 985)	(122 418)	(1 644 272)	(115 330)	(1 895 005)
Net carrying value at 30 June 2020	**36 789**	**522 082**	**17 012 896**	**511 006**	**18 082 773**

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

For information on incremental borrowing rates applied to lease liabilities, refer to Note 23.

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.

13. Rights of use assets (cont)

Amounts recognized in profit and loss:	01.01.2021-30.06.2021 EUR	01.01.2020-30.06.2020 EUR
Revenue from sub-lease of rights-of-use assets (see also Note 3)	2 577 461	3 665 557
Revenue from sub-lease of assets, for which lease liabilities are not recognized (see also Note 3)*	7 749 797	4 380 502
Expense related to variable lease payments not included in the measurement of the lease liability*	(5 473 864)	(3 169 484)
Depreciation expenses on right-of-use assets	(1 895 005)	(2 471 517)
Interest expense on lease liabilities	(418 623)	(447 688)
Expense relating to short-term leases	(770 679)	(724 654)
TOTAL:	**1 769 087**	**1 232 716**

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

14. Inventories

	30.06.2021 EUR	31.12.2020 EUR	30.06.2020 EUR
Goods for sale (at cost)	564 953	513 318	459 079
Consumables (at cost)	594 839	595 027	645 243
TOTAL:	**1 159 792**	**1 108 345**	**1 104 322**

15. Trade receivables

	30.06.2021 EUR	31.12.2020 EUR	30.06.2020 EUR
Trade receivables	12 230 864	9 834 871	12 103 669
Allowance for doubtful debts (individual)	(2 355 896)	(2 307 188)	(2 461 217)
TOTAL:	**9 874 968**	**7 527 683**	**9 642 452**

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

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The Group's management has established a credit policy under which each new customer is analysed individually for creditworthiness before the Group's standard payment and delivery terms and conditions are offered. The Group's review includes external ratings, if they are available, financial statements, credit agency information and industry information. Sale limits are established for each customer and reviewed yearly. Any sales exceeding those limits require approval from the entity management or Group management. Monitoring customer credit risk is going on daily basis. Monitoring includes actual information from credit agency and review past due trade payables by each entity debt controllers. Please also see Note 31.

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.

15. Trade receivables (cont.)

Changes in the allowance for doubtful debts (Individually assessed)	30.06.2021 EUR	31.12.2020 EUR	30.06.2020 EUR
At the beginning of the year	**2 307 188**	**2 322 753**	**2 322 753**
Increase	73 868	612 671	329 512
Written-off	(25 160)	(628 236)	(191 048)
TOTAL:	**2 355 896**	**2 307 188**	**2 461 217**

The Group's gross trade receivables as at 30 June 2021 have increased compared to 31 December 2020, which is mainly due to significant PPE disposal transactions near the end of the reporting period, which are considered not past due. During 2021, notwithstanding Covid-19 impact on the economy, there has been no significant increase in overdue amounts, including in credit-impaired balances. For details on overdue receivables by ageing category see Note 31.

16. Contract assets and contract liabilities

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

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

Contracts balances	30.06.2021 EUR	31.12.2020 EUR	30.06.2020 EUR
Receivables, which are included in 'Trade receivables'	12 230 864	9 834 871	12 103 669
Contract assets	6 976	13 804	20 631
TOTAL:	**12 237 840**	**9 848 675**	**12 124 300**

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

Contracts balances	30.06.2021 EUR	31.12.2020 EUR	30.06.2020 EUR
Contract liabilities – loyalty program	(360 589)	(302 402)	(51 992)
Contract liabilities – advances from customers	(246 521)	(250 075)	(220 212)
TOTAL:	**(607 110)**	**(552 477)**	**(272 204)**

Changes in contract liabilities:	30.06.2021 EUR	31.12.2020 EUR	30.06.2020 EUR
At the beginning of the year	**(552 477)**	**(265 423)**	**(265 423)**
Revenue recognized from amounts included in contract liabilities at the beginning of the period	552 477	265 423	265 423
Revenue deferred during the period	(607 110)	(552 477)	(272 204)
TOTAL:	**(607 110)**	**(552 477)**	**(272 204)**

17. Other receivables

	30.06.2021 EUR	31.12.2020 EUR	30.06.2020 EUR
Guarantee deposit	163 047	197 371	229 717
Refundable value-added tax	35 950	35 664	54 697
Advances made to suppliers	30 098	32 854	46 087
Advances made to employees	171	2 888	2 849
TOTAL:	**229 266**	**268 777**	**333 350**

18. Prepaid expenses

	30.06.2021 EUR	31.12.2020 EUR	30.06.2020 EUR
Other deferred expenses	207 408	287 808	301 008
Total:	**207 408**	**287 808**	**301 008**

19. Cash and cash equivalents

	30.06.2021 EUR	31.12.2020 EUR	30.06.2020 EUR
Cash in bank and cash, EUR	1 304 135	3 456 603	2 882 733
Cash in bank and cash, RUB	108 735	100 796	126 871
Cash in bank and cash, SEK	59 290	162 741	44 249
TOTAL:	**1 472 160**	**3 720 140**	**3 053 853**

20. Share capital of the Parent company

In 2017 share capital was increased by EUR 26 173 420 and the registered share capital of the Group's Parent company on 30.06.2021 and 31.12.2020 is EUR 33 316 278, divided into 33 316 278 shares. The nominal value of a share is EUR 1. All shares have equal voting right and dividend entitlement.

Parent company's shareholders as of 31 December 2020:

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

Parent company's shareholders as of 30 June 2021:

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

21. Provisions

	30.06.2021 EUR	31.12.2020 EUR	30.06.2020 EUR
Provisions for employee bonuses	53 176	94 898	94 661
Other provisions	-	22 021	24 339
Total:	**53 176**	**116 919**	**119 000**

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:	30.06.2021 EUR	31.12.2020 EUR	30.06.2020 EUR
At the beginning of the year	**116 919**	**641 444**	**641 444**
Provisions made	162 673	208 354	141 314
Provision used	(206 713)	(732 879)	(663 758)
Provision reversed	-	-	-
TOTAL:	**72 879**	**116 919**	**119 000**

22. Issued bonds

In 2017, Group issued bonds with current maturity date 30.06.2021 and coupon interest rate 8%, nominal value of one bond is 100 eur, total nominal value was 10 000 000 eur. In December 2020 Groups has deleted bonds of this issue for total amount 5 950 000 eur. Bonds are listed on the official bond list of AS "Nasdaq Riga." On 30 June 2021 AS Storent Investments has redeemed the notes (ISIN LV0000802304) by transferring principal and interest payments to the bondholders.

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

Issued bonds	**Emission date**	**Maturity date**	**Amount**	**Actual interest rate (%)**	**30.06.2021 EUR**	**31.12.2020 EUR**	**30.06.2020 EUR**
ISIN code LV0000802304	01.07.2017	30.06.2021	4 050 000	8	-	4 050 000	6 753 700
ISIN code LV0000802411	19.03.2020	19.10.2023	15 000 000	8	4 870 500	3 446 300	3 446 300
Accrued interest for bonds coupon payment (LV0000802411)					78 378	55 907	-
Incremental cost allocation emission LV0000802411 *					(140 398)	(105 739)	(94 342)
				TOTAL:	**4 808 480**	**7 446 468**	**10 105 658**
				Total Non-current liabilities:	4 730 102	3 340 561	3 351 958
				Total Current liabilities:	78 378	4 105 907	6 753 700

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

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

22. Issued bonds (cont.)

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

	30.06.2021 EUR	30.06.2020 EUR
Balance at the beginning of the reporting period	**7 446 468**	**9 932 913**
Proceeds from bonds	-	200 000
Repayment bonds	(2 621 397)	-
Total changes from financing cash flows	**(2 621 397)**	**200 000**
Incremental cost allocation amortization	(34 659)	(27 255)
Proceeds from bond repurchases below nominal value	(4 403)	-
Interest expense	262 792	510 569
Interest paid	(240 321)	(510 569)
Total liability-related other changes	**(16 591)**	**(27 255)**
Balance at the end of the reporting period	**4 808 480**	**10 105 658**

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

- Shareholders Equity to Assets Ratio may not be lower than 25 (twenty-five) per cent at the end of each Quarter. "Shareholders Equity to Assets Ratio" means the Issuer's total shareholders' equity expressed as a per cent of the Issuer's consolidated amount of assets as at the end of each Quarter determined on the basis of the Issuer's consolidated quarterly financial statements.

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

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

22. Issued bonds (cont.)

Transactions with bonds in 2021

Emission with ISIN code LV0000802304

On 1 December 2020 AS Storent Investments, by exercising the rights provided for in Clause 16 of the Terms and Conditions of Notes (ISIN LV0000802304), which inter alia provides Storent's right at any time to purchase the Notes in any manner and at any price in the secondary market, hereby announced repurchase of the Notes in the nominal value not exceeding 1,000,000 EUR. The price at which Storent was ready to repurchase the Notes was not higher than the nominal value of the Notes. Interest accrued until 14 December 2020 (inclusive) was added to the repurchased Notes. As a result of repurchase Storent has repurchased notes in the nominal value of 950 000 EUR in December 2020 and 50 000 EUR in January 2021.

On 11 January 2021 AS Storent Investments, by exercising the rights provided for in Clause 16 of the Terms and Conditions of Notes (ISIN LV0000802304), which inter alia provides Storent's right at any time to purchase the Notes in any manner and at any price in the secondary market, hereby announced repurchase of the Notes in the nominal value not exceeding 1,000,000 EUR. The price at which Storent was ready to repurchase the Notes was not higher than the nominal value of the Notes. Interest accrued until 22 January 2021 (inclusive) was added to the repurchased Notes. As a result of repurchase Storent has repurchased notes in the nominal value of 1 000 000 EUR.

On 16 March 2021 AS Storent Investments has exchanged notes (ISIN: LV0000802304) in the amount of EUR 1 424 200 and notes issued by AS Storent Investments (ISIN: LV0000802304) included in the Exchange trading system was decreased to EUR 2 625 800. The reduce is in the amount of exchanged bonds.

On 22 March 2021 AS Storent Investments decreased the emission amount of the notes (ISIN LV0000802304) included in the Exchange trading system by EUR 1 575 800. The decrease was in the amount of repurchased bonds.

On 30 June 2021 AS Storent Investments has redeemed the notes (ISIN LV0000802304) by transferring principal and interest payments to the bondholders.

23. Lease liabilities

By asset type	**Maturity**	***Actual interest rate, (%)***	**30.06.2021 EUR**	**31.12.2020 EUR**	**30.06.2020 EUR**	**Balance sheet value of leased assets on 30.06.2021 EUR**
Leasing companies (various asset types)	Various (2019 - 2022)	1.8-5.5% +3 MEURIBOR	13 231 563	14 614 940	17 775 074	31 902 456
Redemption contracts (various asset types)	31.12.2023	1.5%	177 872	442 147	682 510	1 481 975
Supplier funding (various asset types)	28.07.2021	2%-8,67%	1 086 199	1 318 354	647 570	2 957 607
Premise's rent	31.12.2023	10.3%	576 559	691 419	1 143 119	1 053 884
Car rent	Various (2021-2023)	10.3%	220 265	249 078	392 459	419 165
IT sofware	2022	10.3%	28 553	54 439	-	77 908
		Total:	**15 321 011**	**17 370 377**	**20 640 732**	**37 892 995**
	Total Non-current liabilities:		9 506 413	11 158 537	15 522 878	
	Total Current liabilities:		5 814 598	6 211 840	5 117 854	

The maturity of lease liabilities disclosed in Note 31.

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

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

	30.06.2021 EUR	**30.06.2020 EUR**
Balance at the beginning of the reporting period	**17 370 377**	**22 866 881**
Repayment of lease liabilities	(2 642 448)	(2 622 317)
Total changes from financing cash flows	**(2 642 448)**	**(2 622 317)**
New leases	593 082	396 168
Interest expenses accrued	418 623	447 830
Interest paid	(418 623)	(447 830)
Total liability-related other changes	**593 082**	**396 168**
Balance at the end of the reporting period	**15 321 011**	**20 640 732**

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

	01.01.2021-30.06.2021 EUR	**01.01.2020-30.06.2020 EUR**
Repayment of lease liabilities	2 642 448	2 622 317
Interest paid	418 623	447 830
Expenses relating to short-term leases	770 679	724 654
TOTAL:	**3 831 750**	**3 794 801**

24. 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 has registered promissory notes for each payment.

	Maturity	Amount EUR	Actual interest rate (%)	30.06.2021 EUR	31.12.2020 EUR	30.06.2020 EUR
Haulotte Group SA	01.10.2021	4 957 370	2.49	507 741	1 006 667	1 010 703
Haulotte Group SA	01.09.2022	1 003 836	3.94	251 802	352 484	352 523
Haulotte Group SA	01.09.2022	1 994 007	3.94	531 387	743 861	743 563
Haulotte Group SA	01.09.2021	1 006 969	4	67 355	202 065	202 087
Haulotte Group SA	15.09.2022	1 004 278	4	335 912	470 277	470 225
Haulotte Group SA	01.08.2024	2 009 115	2.8	1 312 121	1 514 103	1 513 985
Yanmar Construction Equipment Europe S.A.S	01.09.2021	995 703	4	66 609	199 804	204 960
Yanmar Construction Equipment Europe S.A.S	15.09.2022	1 075 956	4	359 888	503 842	503 787
Yanmar Construction Equipment Europe S.A.S	05.08.2024	803 768	2.8	524 928	605 733	605 686
SA Manitou BF	03.08.2024	1 403 000	2.8	1 055 736	1 055 981	1 055 735
Incremental cost allocation		(1 058 151)		(133 370)	(218 398)	(256 320)
			Total:	**4 880 109**	**6 436 419**	**6 406 934**
			Total Non-current liabilities:	2 172 567	3 107 487	4 719 462
			Total Current liabilities:	2 707 542	3 328 932	1 687 472

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

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

	30.06.2021 EUR	30.06.2020 EUR
Balance at the beginning of the reporting period	**6 436 419**	**7 093 073**
Repayment of other borrowings	(1 633 640)	(726 094)
Total changes from financing cash flows	**(1 633 640)**	**(726 094)**
Incremental cost allocation amortization	85 052	38 923
Interest expense	93 373	108 750
Interest paid	(101 095)	(107 718)
Total liability-related other changes	**77 330**	**39 955**
Balance at the end of the reporting period	**4 880 109**	**6 406 937**

24. Other borrowings (cont.)

Changes in the incremental cost allocation:

	30.06.2021 EUR	31.12.2020 EUR	30.06.2020 EUR
At the beginning of the year	**218 398**	**295 244**	**295 244**
Incremental cost increase	-	186 605	172 938
Written off as adjustment to effective interest rate	(85 028)	(263 451)	(211 862)
TOTAL:	**133 370**	**218 398**	**256 320**

25. Tax and national mandatory social insurance contributions

	30.06.2021 EUR	31.12.2020 EUR	30.06.2020 EUR
Personal income tax	183 448	172 189	1 321 507
State social security mandatory contributions	225 989	205 836	178 107
Value added tax	1 186 197	577 256	214 294
Risk duty	3 009	3 294	3 744
TOTAL:	**1 598 643**	**958 575**	**1 717 652**

Liabilities for value added tax have increased because Storent SIA took the opportunity to receive an extension of the payment term in cooperation with the Latvian Tax Authority. The Group's management emphasizes that no Group company has tax debts, all liabilities are covered in accordance with certain deadlines.

26. Deferred income

	30.06.2021 EUR	31.12.2020 EUR	30.06.2020 EUR
Gain on sale-and-leaseback transactions	101 425	136 550	172 705
Total:	**101 425**	**136 550**	**172 705**

Sale-and-leaseback transactions

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

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

Changes in the deferred income:	30.06.2021 EUR	31.12.2020 EUR	31.12.2019 EUR
At the beginning of the year	**136 550**	**271 661**	**271 661**
Excess financing on sale-and-leaseback transactions	-	-	-
Amortised and included in income of reporting year (See Note 4)	(35 125)	(135 111)	(98 956)
TOTAL:	**101 425**	**136 550**	**172 705**

27. Other liabilities

	30.06.2021 EUR	31.12.2020 EUR	30.06.2020 EUR
Salaries	405 673	413 569	439 116
Other payables	12 023	9 767	9 792
TOTAL:	**417 696**	**423 336**	**440 820**

28. Accrued liabilities

	30.06.2021 EUR	31.12.2020 EUR	30.06.2020 EUR
Provisions for unused employee vacations	934 609	866 863	1 077 380
Other accrued liabilities	339 719	236 165	550 785
Accrued liabilities for defined contribution pension insurance	99 389	84 488	51 992
TOTAL:	**1 373 717**	**1 187 516**	**1 680 157**

29. Related party transactions

29. (a) Related party transactions

Related party	Year	Goods and services received EUR	Payables to related companies EUR
Companies that have control over the Group's activities:			
Levina Investments S.A.R.L	30.06.2020	-	(4 921 317)
	31.12.2020	-	(5 624 057)
	30.06.2021	-	(5 919 906)
Companies with significant influence over the Group's activities:			
Supremo SIA	30.06.2020	(8 581)	(316 906)
	31.12.2020	(8 675)	(325 581)
	30.06.2021	(8 533)	(334 114)
Bomaria SIA	30.06.2020	(8 581)	(316 906)
	31.12.2020	(8 675)	(325 581)
	30.06.2021	(8 533)	(334 114)
The companies controlled by the Group's officers or their relatives: *			
Meistari ZS	30.06.2020	(2 527)	(406)
	31.12.2020	(2 011)	(406)
	31.12.2021	(2 188)	(406)
	Total 30.06.2020:	**(19 689)**	**(5 555 535)**
	Total 31.12.2020:	**(19 361)**	**(6 275 625)**
	Total 30.06.2021:	**(19 254)**	**(6 588 540)**

* Payables to the companies controlled by the Group's related parties or their relatives are included in the balance sheet item Trade payables, in the amount of EUR 406 at 30 June 2021 (at 30 June 2020: EUR 406).

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

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

29. (c) Borrowings from related companies

	Maturity	Interest rate %	30.06.2021 EUR	31.12.2020 EUR	30.06.2020 EUR
Levina Investments S.A.R.L.	31.12.2022.	7	5 919 906	5 624 057	5 273 233
Bomaria LTD	17.10.2021.	6	334 114	325 581	316 906
Supremo LTD	17.10.2021.	6	334 114	325 581	316 906
		Total Non-current liabilities:	**5 919 906**	**6 275 219**	**5 520 619**
		Total current liabilities:	**668 228**	**-**	**-**

Loans are not secured with any collateral. Full amount of loans is repayable upon maturity date.

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

	30.06.2021 EUR	30.06.2020 EUR
Balance at the beginning of the reporting period	**6 275 219**	**5 541 347**
Proceeds from borrowings from related companies	-	-
Repayment of the borrowings from related companies	-	-
Total changes from financing cash flows	**-**	**-**
Interest expense	412 915	365 698
Interest paid	(100 000)	-
Total liability-related other changes	**312 915**	**365 698**
Balance at the end of the reporting period	**6 588 134**	**5 907 045**

30. Financial instruments

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

Categories of financial assets and liabilities

	As at 30.06.2021		As at 31.12.2020		As at 30.06.2020	
Financial assets	**Carrying amount**	**Fair value**	**Carrying amount**	**Fair value**	**Carrying amount**	**Fair value**
Loans and receivables held at amortised cost						
- Trade receivables	9 874 968	9 874 968	7 527 683	7 527 683	9 642 452	9 642 452
- Other receivables	229 266	229 266	268 777	268 777	353 981	353 981
- Cash and cash equivalents	1 472 160	1 472 160	3 720 140	3 720 140	3 053 853	3 053 853
TOTAL financial assets:	**11 576 394**	**11 576 394**	**11 516 600**	**11 516 600**	**13 050 286**	**13 050 286**

	As at 30.06.2021		As at 31.12.2020		As at 30.06.2020	
Financial liabilities	**Carrying amount**	**Fair value**	**Carrying amount**	**Fair value**	**Carrying amount**	**Fair value**
Financial liabilities held at amortized cost						
- Loan from credit institution	-	-	-	-	8 155	8 155
- Issued bonds	4 808 480	4 823 386	7 390 561	7 455 800	10 105 658	10 105 658
- Loans from related companies	6 588 134	6 588 134	6 275 219	6 275 219	5 907 045	5 907 045
- Lease liabilities	15 321 011	15 321 011	17 370 377	17 370 377	20 640 732	20 640 732
- Other borrowings	4 880 109	4 880 109	6 436 419	6 436 419	6 406 934	6 406 934
- Trade payables	4 245 761	4 245 761	3 301 952	3 301 952	3 045 951	3 045 951
- Other payables	2 623 448	2 623 448	1 631 986	1 631 986	440 820	440 820
TOTAL financial liabilities:	**38 466 943**	**38 481 849**	**42 406 514**	**42 471 753**	**46 555 295**	**46 555 295**

31. Financial risk management

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

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

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

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

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

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

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

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

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

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

There were no transfers between fair value hierarchy levels in 2021 and in 2020.

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

Credit risk

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

In terms of receivables as at 30 June 2021 and 31 December 2020 the Group did not have a significant credit risk concentration in respect of a single transaction partner or a group of partners of similar transactions.

The Group manages credit risk by independently assessing counterparty credit history and defining acceptable credit limit. The Group regularly monitors the overdue trade receivables. Trade receivables have a carrying amount which is reduced by loss allowances for bad and doubtful trade receivables (see Note 15).

The maximum credit risk exposure at 30 June 2021 was EUR 11 576 394 (30.06.2020: EUR 13 050 286).

31. Financial risk management (cont.)

At 30 June 2021 and 30 June 2020, the exposure to credit risk for trade receivables by geographic region was as follows:

	Carrying amount			
EUR	30.06.2021	31.12.2020	30.06.2020	31.12.2019
Baltics	7 942 563	6 298 480	8 098 746	3 738 130
Nordics	1 906 606	1 217 362	1 536 096	1 106 588
Other	25 799	11 841	7 610	21 822
	9 874 968	**7 527 683**	**9 642 452**	**4 866 540**

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

30.06.2020 **EUR**	**Weighted-average loss rate**	**Gross carrying amount**	**Loss allowance**	**Creditimpaired**
Current (not past due)	0.5%	8 607 954	40 183	No
1–30 days past due	3.5%	670 773	23 451	No
31–60 days past due	18.2%	340 639	61 974	No
61–90 days past due	72.3%	111 751	80 822	No
More than 90 days past due	95.0%	2 372 552	2 254 787	Yes
		12 103 669	**2 461 217**	**-**

Sensitivity analysis

A reasonably possible change in the weighted average loss rates at 30 June 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.

	30 June 2021		30 June 2020	
Effect in euro	Increase	Decrease	Increase	Decrease
Change in loss rate of 3 percentage points	366 764	(104 871)	363 110	(82 041)

31. Financial risk management (cont.)

Liquidity risk

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

The Group's management considers that the Group will have sufficient cash resources and its liquidity will not be compromised. At 30 June 2021, the Group's liquidity ratio was 0.72. As at 30 June 2020, the Group's liquidity ratio was 0.73. Please refer to Note 34 for going concern considerations.

At 30 June 2021 and 2020 the maturity of the financial liabilities of the Group, based on undiscounted payments provided for in the agreements can be disclosed as follows:

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

30.06.2020.	Contractual cash flows					Expected interest payments	Carrying amount
	< 3 months	3-6 months	6-12 months	1-5 years	Total	Total	Total
Loan from credit institution	(3 551)	(4 735)	-	-	**(8 286)**	(131)	8 155
Loans against bonds	(204 000)	(204 000)	(7 161 700)	(4 135 560)	**(11 705 260)**	(1 599 602)	10 105 658
Loans from related companies	-	(349 680)	-	(6 703 098)	**(7 052 778)**	(1 145 733)	5 907 045
Lease liabilities	(773 976)	(2 301 239)	(3 209 017)	(16 499 678)	**(22 783 910)**	(2 143 178)	20 640 732
Other borrowings	(66 278)	(37 654)	(1 734 802)	(5 177 276)	**(7 016 010)**	(609 076)	6 406 934
Trade payables	(3 045 951)	-	-	-	**(3 045 951)**	-	3 045 951
Tax and other payables	(1 800 385)	(228 467)	(355 636)	-	**(2 384 488)**	-	2 384 488
	(5 894 141)	**(3 125 775)**	**(12 461 155)**	**(32 515 612)**	**(53 996 683)**	**(5 497 720)**	**48 498 963**

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

31. 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 22, 23, 24 and 29 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 22) with a variable interest rate element of 3M EURIBOR) to a reasonably possible interest rate change of +/- 0.5%, other variables remaining constant, is considered immaterial to the Group's financial performance.

Foreign currency risk

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

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

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

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

	30 June 2021		**31 December 2020**		**30 June 2020**	
	SEK	**RUB**	**SEK**	**RUB**	**SEK**	**RUB**
Trade receivables	773 943	75 096	513 673	56 222	501 407	55 019
Trade payables	(285 649)	(10 475)	(136 264)	(4 853)	(233 412)	(6 966)
Net statement of financial position exposure	**488 294**	**64 621**	**377 409**	**51 369**	**267 995**	**48 053**
Next six months' forecast sales	1 518 432	299 050	1 393 118	252 290	1 494 721	386 604
Next six months' forecast purchases	(1 330 976)	(174 672)	(1 298 090)	(170 925)	(1 333 738)	(231 122)
Net forecast transaction exposure	**187 456**	**124 378**	**95 028**	**81 365**	**160 983**	**155 482**
Net exposure	**675 750**	**188 999**	**472 437**	**132 734**	**428 978**	**203 535**

The following exchange rates have been applied.

	Average rate			**Year-end spot rate**		
EUR	30.06.2021	2020	30.06.2020	30.06.2021	2020	30.06.2020
SEK 1	0.0987	0.0954	0.0938	0.0989	0.0997	0.0953
RUB 1	0.0112	0.0122	0.0131	0.0115	0.0109	0.0126

Sensitivity analysis

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

	Profit or loss		Equity, net of tax	
Effect in euro	Strengthening	Weakening	Strengthening	Weakening
SEK (10% movement)	38 699	(38 699)	(19 132)	19 132
RUB (10% movement)	12 164	(12 164)	25 979	(25 979)

32. Capital management

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

	30.06.2021 EUR	31.12.2020 EUR	30.06.2020 EUR
Interest bearing loans and borrowings	31 597 732	37 472 576	43 068 524
Trade and other payables	6 869 209	4 933 938	3 486 771
Less cash and cash equivalents	(1 472 160)	(3 720 140)	(3 053 853)
Net debt	**36 994 781**	**38 686 374**	**43 501 442**
Equity	12 970 885	15 539 732	21 590 589
Net debt to equity ratio:	**2.85**	**2.49**	**2.01**

33. Reclassification

In 2020, the management changed the classification of certain items in the Consolidated Statement of Comprehensive Income as presented below. The corresponding amounts for interim report 2020 have been restated. The reclassification had no impact on the Profit/(loss) for the year.

	30.06.2020 (as reported previously) EUR	Reclassification EUR	30.06.2020 (restated) EUR
Statement of Comprehensive Income for 2020			
Net revenue	**24 730 257**	**(6 490 584)**	**18 239 673**
Revenue from sale of property, plant and equipment used for renting	6 497 412	(6 497 412)	
Cost reimbursement	(6 828)	6 828	
Other operating income	**157 744**	**92 128**	**249 872**
Gain on disposal of property, plant and equipment used for renting, net	6 828	(6 828)	
Recognized deferred income	(98 956)	98 956	
Cost of materials and services	**(14 962 016)**	**6 778 349**	**(8 183 667)**
Cost of sold property, plant and equipment used for renting	(6 778 349)	6 778 349	
Personnel costs and number of employees	**(5 776 703)**	**26 721**	**(5 749 982)**
Other personnel costs	(26 721)	26 721	
Other operating expenses	**(2 994 096)**	**(161 642)**	**(3 155 738)**
Other personnel costs	26 721	(26 721)	
Gain from sale of property, plant and equipment used for renting, net	280 937	(280 937)	
Impairment gain/(loss) on trade receivables and contract assets	(146 016)	146 016	
Impairment gain/(loss) on trade receivables and contract assets	**-**	**(146 016)**	**(146 016)**
Impairment gain/(loss) on trade receivables and contract assets	146 016	(146 016)	
Depreciation and amortization	**(4 795 780)**	**(98 956)**	**(4 894 736)**
Recognized deferred income	98 956	(98 956)	
Net effect on Consolidated Statement of Comprehensive Income		**-**	

34. Going concern of the Group

Group's performance in the reporting period was loss of EUR 2 549 142 (2020 6 months: loss EUR 5 364 398), which is a result of Covid-19 pandemic. At the end of the reporting period Group's current liabilities exceeded its current assets by EUR 4 715 704 (30.06.2020: current liabilities exceeded current assets by EUR 6 513 866), as a result of significant borrowings approaching maturity, which may cast significant doubts on the Group's ability to continue as a going concern.

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

- Storent Group continues to became more efficient by developing online sales and paper-less rental process, personal costs are estimated to decrease by 10% during 2021 compared to 2020.
- In 2021, Storent Group plans to increase turnover in its countries of operation by 3% -12%, also increasing the profitability by 1% - 9% as a result of the performed efficiency activities.
- Storent Holding Finland Oy has agreed to postpone the repayment of loan to Levina Investments S.a.r.l. by additional year, and the final due date of the loan is December 2022. Amendments to agreement have been signed.
- Storent SIA and Storent Oy continue to perform optimization of the rental equipment fleet by selling old and not-in-demand equipment to split-rent vendors and auctions. By the date of issuing these consolidated interim financial statements, both companies have sold equipment with the net book value EUR 4 538 834 for a total gross income of EUR 4 927 560.

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

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

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

35. Post balance sheet events

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