JOINT-STOCK COMPANY

STORENT INVESTMENTS

(REGISTRATION NUMBER 40103834303)

CONSOLIDATED INTERIM REPORT FOR THE 6 MONTHS OF 2020

NOT AUDITED

Riga, 2020

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) Levina Investments S.A.R.L. (Luxembourg) 73% (from 31.01.2017) Perle Cunsultancy LTD (Cyprus) 13.5% (from 31.01.2017) TORRINI LTD (Cyprus) 13.5% (from 31.01.2017)
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) Onkele Baiba, Member of the Council Jozwiak Michal Lukasz, Member of the Council (till 04.04.2019) Burak Dalgin, Member of the Council (from 04.04.2019) Podziewski Arkadiusz Marek, Chairman of the Council (till 11.12.2017)
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

Storent was established in 2008 in Latvia with an objective to become the most efficient construction equipment rental company in the Baltics and the Nordic countries. Currently Storent group operates in 6 countries. Group annual turnover reached 48 million euros in 2019.

Total revenues of Storent Group in 6 months 2020 increased compared to 6 months 2019 by 20%. We have seen decrease in rent incomes caused by Covid-19 pandemic in the most of countries of our operations, but total incomes increased due to the sale of an old fleet. Storent group's profitability was effect by both - rent income decrease by 13% and selling of rental assets with low utilization rates. Storent groups has stable cash position with more than 3 million euros at the end of June and liquidity has increased by rescheduling most of bonds, loan and lease liabilities.

Baltic operations have experienced rent incomes decrease in all countries as many construction projects were paused and new ones were delayed due to uncertainties caused by Covid-19. In Q2 construction output in Latvia has decreased by 0,6% (half year level increased by almost 5%), in Lithuania Q2 decreased by 7% (half year level was same as in 2019), in Estonia Q2 decreased by 8% comparing with same period in 2019. We clearly see that latest developments caused rental equipment overcapacity and rapid decrease of rental prices in the region. Baltic region accounted for 65% of group rent incomes.

Decreased prices and shut projects were the main drivers for construction companies' revenues decrease in Estonia. Surely, it affected our sales as construction volumes decreased by 7% in April – May and by 20% in June. Rental revenues in Latvia decreased mainly in earthmoving and access equipment as projects that require such type of machinery were mostly slowed down or put on hold. Lithuanian government confirmed additional injection of 150MEUR into road constructions. By the end of June, we have seen many sites reopening and projects went to continue.

Nordic operations revenues were slightly over on level of 6 months 2019. In 6 months, sales in Finland were slightly over the last year. Hauling and jacking and lifting services were above last year. Price levels in rental market have decreased during COVID-19. Q2 in Sweden has been stronger as we substantially increased rental revenues, same applies to half year performance. New customers portfolio grows and this provides confidence that trend will continue through Q3.

Kaliningrad operation revenues were also affected by pandemic as restrictions constrained customers activities. In Q2 construction activities reportedly grew by 15%, but currency exchange rate changes diminished effect on sales. Overall, we managed to achieve strong growth in rental revenues compared to 6 months 2019.

Since March launch of online rental platform that allows to automate full cycle of online equipment rent, we have seen steady positive trend in new customers registrations, usage of digital authorizations and document signing as well as overall growth of online orders. Regular feedback surveys allow us to make fast improvements and develop platform to become more comfortable for customers. Recovering from Covid-19 restrictions, customers value an opportunity to order equipment online without having to spend time on visiting rental depots and negotiating rental orders face-to-face.

Management continues to focus sales and customer service teams as well marketing efforts on promoting online platform among customers as online rental experience clearly becomes a key differentiator in times of equipment overcapacity and low rental prices.

Very soon we plan to launch online rental platform in Finland and in Sweden along with digital means for customers authorization and verification.

Storent group continues cooperation with online splitrent equipment provider Preferrent allowing us to increase rental equipment fleet without capital investments. It’s planned to develop further cooperation with Preferrent by increasing share of incomes from splitrent up to 40% during one year.

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 2020 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 2020 is not yet audited.

Andris Bisnieks
Member of the Management Board

Andris Pavlovs
Member of the Management Board

Consolidated statement of comprehensive income

	Notes	01.01.2020-30.06.2020 EUR	01.01.2019-30.06.2019 EUR
Net revenue	3	24 730 257	20 568 436
Other operating income	4	157 744	171 739
Cost of materials and services received	5	(14 962 016)	(7 589 215)
Personnel costs	10	(5 776 703)	(5 349 381)
Other operating expenses	6	(2 994 096)	(2 600 943)
Depreciation and amortization	7	(4 795 780)	(5 500 175)
Interest and similar income	8	3 646	4 026
Interest and similar expenses	9	(1 692 824)	(1 725 741)
(Loss) / profit before income tax		**(5 329 772)**	**(2 021 254)**
Income tax income / (expense)		(4 932)	(360)
(Loss) / profit for the year		**(5 334 704)**	**(2 021 614)**
Items that may be reclassified subsequently to profit or loss			
Exchange differencies on foreign currency operations		(29 694)	71 848
Other comprehensive income for the year		**(29 694)**	**71 848**
Total comprehensive income for the year		**(5 364 398)**	**(1 949 766)**
Basic earnings per share		(0.16)	(0.06)

The notes on pages 12 to 44 are an integral part of these interim report.

Consolidated statement of financial position

ASSETS

	Notes	30.06.2020 EUR	31.12.2019 EUR
NON-CURRENT ASSETS			
Intangible assets			
Licences and similar rights		73 701	153 036
Other intangible investments		1 644 052	1 472 142
Goodwill		15 346 352	15 346 352
TOTAL	11	**17 064 105**	**16 971 530**
Property, plant and equipment			
Lands and buildings		228 364	234 181
Leasehold improvements		46 863	70 393
Plant and equipment *		13 066 515	17 570 316
Other fixed assets *		729 137	825 619
Construction in progress		-	10 007
TOTAL	12	**14 070 879**	**18 710 516**
Rights of use assets			
Licences and similar rights		64 923	-
Lands and buildings		1 077 557	1 114 244
Plant and equipment *		24 098 337	29 987 732
Other fixed assets *		712 292	738 107
TOTAL	13	**25 953 109**	**31 840 083**
Other non-current assets			
Deferred income tax assets		692 951	694 823
TOTAL		**692 951**	**694 823**
TOTAL NON-CURRENT ASSETS		**57 781 044**	**68 216 952**
CURRENT ASSETS			
Inventories	14	1 104 322	1 208 084
Trade and other receivables			
Trade receivables	15	9 642 452	4 866 540
Other receivables	16	353 981	390 061
Prepaid expenses	17	301 008	257 259
TOTAL		**10 297 441**	**5 513 860**
Cash and cash equivalents	18	3 053 853	3 892 159
TOTAL CURRENT ASSETS		**14 455 616**	**10 614 103**
TOTAL ASSETS		**72 236 660**	**78 831 055**

The notes on pages 12 to 44 are an integral part of these interim report.

Consolidated statement of financial position

EQUITY AND LIABILITIES

EQUITY	Notes	30.06.2020 EUR	31.12.2019 EUR
Share capital	19	33 316 278	33 316 278
Reserves:			
Foreign currency translation reserve		26 979	56 673
Other reserves		26 774	26 774
Accumulated loss:			
Previous' years accumulated deficit		(6 444 738)	(6 464 487)
period		(5 334 704)	19 749
TOTAL EQUITY		**21 590 589**	**26 954 987**
LIABILITIES			
Non-current liabilities			
Issued bonds	22	3 351 958	-
Loans from related companies	29 (c)	5 907 045	616 651
Finance lease liabilities	23	15 522 878	15 283 908
Other borrowings	24	4 719 462	3 466 081
Deferred income		-	136 550
Deffered income tax liabilities		175 246	175 190
TOTAL		**29 676 589**	**19 678 380**
Current liabilities			
Loans from credit institutions	21	8 155	15 161
Issued bonds	22	6 753 700	9 932 913
Loans from related companies	29 (c)	-	4 924 696
Finance lease liabilities	23	5 117 854	7 582 973
Other borrowings	24	1 687 472	3 626 992
Advances from customers		220 212	265 423
Trade payables		3 045 951	2 722 507
Corporate income tax liabilities		5 804	15 798
Taxes and national mandatory social insurance contributions	25	1 717 652	815 484
Provisions	20	119 000	641 444
Deferred income	26	172 705	135 111
Other liabilities	27	440 820	448 908
Accrued liabilities	28	1 680 157	1 070 278
TOTAL		**20 969 482**	**32 197 688**
TOTAL LIABILITIES		**50 646 071**	**51 876 068**
TOTAL EQUITY AND LIABILITIES		**72 236 660**	**78 831 055**

The notes on pages 12 to 44 are an integral part of these interim report.

Consolidated statement of cash flows

	Notes	01.01.2020-30.06.2020 EUR	01.01.2019-30.06.2019 EUR
Cash flows from operating activities			
Profit/ (loss) before income tax		(5 329 772)	(2 021 254)
Adjustments:			
Amortisation of intangible assets and depreciation of property, plant and equipment	11,12,13	4 894 736	5 956 547
Net result on disposals of property, plant and equipment		432 917	480 750
Interest expense	9	1 650 799	1 650 346
Provision decrease		(522 444)	(728 412)
Operating results before changes in working capital		***1 126 236***	***5 337 977***
Receivables decrease / (increase)		(4 781 709)	(2 192 184)
Inventories decrease / (increase)		103 862	(569 810)
Payables increase/ (decrease)		1 616 400	1 137 942
Cash flows from operating activities		***(1 935 211)***	***3 713 925***
Interest paid		(1 106 552)	(1 272 669)
Corporate income tax paid		(14 926)	35 714
Net cash flow generated from operating activities		**(3 056 689)**	**2 476 970**
Cash flows from investing activites			
Purchases of property, plant and equipment		(1 637 709)	(2 555 784)
Proceeds from sale of property, plant and equipment		6 645 137	-
Net cash used in investing activities		**5 007 428**	**(2 555 784)**
Cash flows from financing			
Proceeds from borrowings		596 168	4 196 688
Loan repayment		(733 100)	(2 114 103)
Repayment of finance leases		(2 622 319)	(5 723 005)
Net cash used in financing activities		**(2 759 251)**	**(3 640 420)**
Foreign curreny exchange		**(29 694)**	**71 850**
Net cash flow for the period		**(838 206)**	**(3 647 384)**
Cash and cash equivalents at the beginning of the reporting period		3 892 159	4 230 394
Cash and cash equivalents at the end of the reporting period	**18**	**3 053 953**	**583 010**

The notes on pages 12 to 44 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 2018	**33 316 278**	**(37 907)**	**26 774**	**(6 607 214)**	**142 727**	**26 840 658**
Loss for the period	-	-	-	-	(2 021 612)	**(2 021 612)**
Other comprehensive income	-	71 848	-	-	-	**71 848**
Transfer of previous' year profit	-	-	-	142 727	(142 727)	**-**
Balance at 30 June 2019	**33 316 278**	**33 941**	**26 774**	**(6 464 487)**	**(2 021 612)**	**24 890 894**
Profit for the year	-	-	-	-	19 749	**19 749**
Other comprehensive income	-	22 732	-	-	-	**22 732**
Transfer of previous' year profit	-	-	-	-	2 021 612	**2 021 612**
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)**
Balance at 30 June 2020	**33 316 278**	**26 979**	**26 774**	**(6 464 487)**	**(5 314 955)**	**21 590 589**

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

The notes on pages 12 to 44 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).
The Group's Parent company and its subsidiaries Storent SIA, UAB Storent, Storent OÜ, Storent AB, Storent AS, Storent OOO, Storent 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

The consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by the European Union (EU) and the interpretations issued by the International Financial Reporting Issues Committee as adopted by the EU and International Accounting standard (IAS) 34.
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 2020 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 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%

*In November 2019 Leinolift Oy changed its name to Storent Oy, and Storent Oy changed name to Storent Holding Finland Oy.
The subsidiaries Storent Oy and Storent OO was acquired by the Group by the way of acquisition.
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.)

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 profit or loss 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 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.

(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.

From the 1 January 2014 all transactions in foreign currency are converted to EUR based on the European Central Bank exchange rate on trade date. On the balance sheet date, foreign currency monetary assets and liabilities are translated at the European Central Bank exchange rate as at 31 December.

European Central Bank exchange rates:

	30.06.2020	**31.12.2019**	**30.06.2019**
	EUR	**EUR**	**EUR**
1 USD	0.89301	0.89015	0.885183
1 GBP	1.09597	1.17536	1.144946
1 NOK	0.91642	0.10138	0.102776
1 SEK	0.95285	0.09572	0.095096
1 RUB	0.01255	0.01429	0.013567

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 exchange rate ruling at the closing balance sheet date, and revenue and expense items of the foreign subsidiaries – at the average exchange rate in the reporting period. Exchange differences arising on recognizing asset and liability items, translating at exchange rates, are recognized in other comprehensive income and accumulated in equity. Consolidation of foreign subsidiaries is performed according to the accepted consolidation procedures, for example, by eliminating inter-group company transactions.

(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.

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:

2. Summary of significant accounting policies (cont.)

(e) Estimates and assumptions (cont.)

The carrying amounts of intangible assets and fixed assets

The Group's management reviews the carrying amounts of intangible assets and property, plant and equipment, and assesses whenever indications exist that the assets' (including goodwill) 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 market value 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 2020. Please also refer to Note 11.

Useful lives of fixed assets

Useful lives of fixed assets are assessed at each balance sheet date and changed, if necessary, 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.

Lease liability calculation and Rights of use assets

Management of the Group applies definite assumptions in calculating balance of Right of use assets and related lease liabilities. The Group's management believes that no adjustments to such assumptions are necessary as of 30 June 2020. Please also refer to accounting policy relating to IFRS 16 below and to Note 13.

Deferred tax asset on tax losses to be carried forward

A deferred tax asset shall be recognized for the carry forward of unused tax losses and unused tax credits to the extent that it is probable that future taxable profit will be available against which the unused tax losses and unused tax credits can be utilized. When considering whether a deferred tax asset can be recognized the management uses their judgment in estimating whether there will be sufficient taxable profits in the future and about their timing and the overall future tax planning strategy. A deferred tax asset is recognized on all tax losses to be carried forward as of 30 June 2020. The Group's management assumes that it is probable that the Group will have sufficient taxable profits in the future against which the tax losses will be utilized.

Deferred tax liabilities on dividend distribution in Latvia and Estonia

Based on tax regime in Latvia and Estonia, income tax is to be recognized when shareholders decide on dividend distribution. Yet, as a parent controls the dividend policy of its subsidiaries, it is able to control the timing of the reversal of temporary differences associated with these investments including the temporary differences arising from undistributed profits. Therefore, in the consolidated financial statements the Group could recognize deferred tax assets and liabilities in the respect of its investments in subsidiaries using tax rate applicable to distributed profits. In cases the parent has determined that subsidiary's profits will not be distributed in the foreseeable future the parent does not recognize a deferred tax assets and liabilities. Group management believes that dividends will not be distributed within foreseeable future and thus has not recognized related deferred tax liability balance related to subsidiary in Latvia as at 30 June 2020.

Allowance for doubtful and bad trade receivables

The Group's management evaluates the carrying amounts of trade receivables and assesses their recoverability, making an allowance for doubtful and bad trade receivables, if necessary. The Group's management has evaluated the trade receivables and considers that it is not necessary to make any additional significant allowances as of 30 June 2020.

Net realizable value of inventories

The Group's management evaluates the net realizable value of inventories based upon the expected sales prices and selling costs and assesses the physical condition of inventories during the annual stock count. If the net realizable value of inventories is lower than the cost of inventories then an allowance is recorded. The Company's management has evaluated the net realizable value of inventories and considers that it is not necessary to make any additional significant allowance as of 30 June 2020.

2. Summary of significant accounting policies (cont.)

(f) Intangible assets

Uncertain tax position

With adoption of IFRIC 23 management has evaluated its tax position and believes that no material provisions are necessary for uncertain tax positions as at 30 June 2020.

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 generally recognized in profit or loss 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. Loss from goodwill impairment is recognized in consolidated statement of comprehensive income.

Other intangible assets

Other intangible assets primarily comprise trademarks, domain registration expenses and software licenses. Customer relationships are formed by purchasing 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. Depreciation is calculated using the straight-line method to allocate the cost of the assets over their estimated useful lives:

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

(g) Property, plant and equipment

Property plant and equipment is stated at historical cost less accumulated depreciation and impairment. Depreciation is calculated using the straight-line method to allocate the cost of the assets over their estimated useful lives:

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

Depreciation is charged in the month following the month when an item of property, plant or equipment was put into operation or used for business purposes. Each part of an item of property, plant and equipment with a cost that is significant in relation to the total costs of the item is depreciated separately. The remainder consists of the parts of the item that are individually not significant. The depreciation of the remainder is calculated using the approximation methods to fairly represent their useful life.

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

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

2. Summary of significant accounting policies (cont.)

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

At the end of each reporting period, the Group reviews 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. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

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

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than it carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognized immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

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 recognized for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

(i) Loans and receivables

Loans and receivables are non-derivative financial instruments with fixed or determinable payments that are not quoted in an active market. Loans and receivables (including trade and other receivables, bank balances and cash) are initially recognized at fair value, net of transactions costs incurred. Subsequently loans and receivables are measured at amortized cost using the effective interest method, less any impairment. Impairment losses are recognized in profit and loss (other operating losses).

During 2019 the Group transitioned from using the general approach to simplified approach under IFRS 9. The change did not result in a material adjustment. The Group always recognizes lifetime ECL (expected credit losses) for trade receivables, contract assets and lease receivables. The expected credit losses on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience in each country separately over a two-year period, adjusted for factors that are specific to the debtors. General economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money are not incorporated into the calculation.

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. Group internal transactions between its subsidiaries and sale transactions to lease companies (lease-back transactions) are eliminated from this calculation.

Interest income is recognized by applying the effective interest rate, except for short-term receivables when the effect of discounting is immaterial.

(j) 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.

2. Summary of significant accounting policies (cont.)

(k) 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. Net realizable value is stated as cost less provisions.

(l) 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.

(m) 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.

(n) Derecognition of financial assets and financial liabilities

Financial assets

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.

If the Group transfers the contractual rights to receive cash flows from the respective financial assets but does not transfer nor retains the risks and rewards, nor transfers control over the respective financial asset, the asset continues to be recognized to the extent of the Group's continuing involvement. When the Group's continuing involvement takes the form of guaranteeing the transferred asset, the extent of the Group's continued involvement is the lower of the amount of the asset and the maximum amount of the consideration received that the Group may be required to repay.

Financial liabilities

A financial liability is derecognized, if the obligation specified in the contract is discharged or cancelled or expired.

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.

(o) 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.)

(p) 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.

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 recognized 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 recognized on a straight-line basis over the lease term.

The Group as lessee

The Group assesses whether a contract is or contains a lease, at inception of the contract. The Group recognizes 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 recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

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

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

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

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

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

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

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

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

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

2. Summary of significant accounting policies (cont.)

(q) Revenue recognition

Starting from 1 January 2018, Group has applied and recognizes income according to IFRS 15 "Income from contracts with customers", using a 5-step model. The model consists of:

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

Determination of contract performance obligation
The performance obligation exists, if there is a good or service, which is separable and there is a range of separate goods and services, which are basically identical.

Determination of transaction price
For determination of transaction price, the Group uses the "expected value" method, which is based on the weighted average and actual variable value of remuneration under similar contracts.

The Group uses a relief in respect of the financing component and does not adjust the transaction price, because the period between the customer's payment and performance obligation does not exceed one year.

Attribution of the transaction price to the performance obligation
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.

(q) 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. The Group considers that it operates in one reportable segment (rent of construction equipment and provision of related support services: assembling, transport and operator services), no split by geographical segments is provided as the Group believes that all geographical segments can be aggregated as they exhibit similar long-term financial performance, nature of the products and services, type of customers, the methods to provide the services are similar, no specific regulatory requirements.

(r) 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.

(s) Related party transaction

Related parties are the subsidiaries and associated companies of the Group's Parent company, and the shareholders of the Group's Parent company that have significant influence or control over the activities of the Group's Parent company, members of the council and board, their close relatives and entities in which the above referred persons have significant influence or control.

2. Summary of significant accounting policies (cont.)

(t) Corporate income tax

The corporate income tax consists of the income tax calculated for the reporting year and deferred income tax.

Current tax

Corporate income tax for the reporting year (Lithuania)

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

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

The company's net profit is not subject to corporate income tax; however, income tax is levied on all dividends paid by the Company. Starting from year 2018 corporate income tax in Latvia and Estonia is calculated at the profit distribution (20/80 from net amount to be paid to shareholders). Corporate income tax will be recognized as tax payable at the period when shareholders decide to distribute profit. Tax is also calculated for deemed dividends (such expenses as, for example, non-business expenses or transfer pricing adjustments).

Corporate income tax for the reporting year (Finland)

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

Corporate income tax for the reporting year (Sweden)

The corporate income tax for the reporting year has been calculated, by applying the corporate income tax rate of 22% to the taxable income for the tax year.

Corporate income tax for the reporting year (Russia)

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

Deferred tax

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

Specific accounting for deferred tax due to tax regimes have been applied in the respect of Latvia and Estonia.

Deferred income tax (Latvia)

Based on the new Corporate Income tax law of the Republic of Latvia announced in 2017, starting from 1 January 2018 corporate income tax is applicable to distributed profits and several expenses that would be treated as profit distribution. In case of reinvestment of profit, corporate income tax shall not be applied. The applicable corporate income tax rate has increased from the 15% to 20%.

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

2. Summary of significant accounting policies (cont.)

***Deferred tax** (cont.)*

As a parent controls the dividend policy of its subsidiaries, it is able to control the timing of the reversal of temporary differences associated with these investments including the temporary differences arising from undistributed profits. Therefore, in the consolidated financial statements the Group could recognize deferred tax assets and liabilities in the respect of its investments in subsidiaries using tax rate applicable to distributed profits. In cases the parent has determined that subsidiary's profits will not be distributed in the foreseeable future the parent does not recognize a deferred tax assets and liabilities.

Deferred income tax (Estonia)
In accordance with IAS 12 "Income Taxes "requirements, in cases where income tax is payable at a higher or lower rate, depending on whether the profit is distributed, the current and deferred tax assets and liabilities are measured at the tax rate applicable to undistributed profits. In Estonia the applicable rate for undistributed profits is 0%. Therefore, in the consolidated financial statements no deferred tax assets and liabilities are recognized.
As a parent controls the dividend policy of its subsidiaries, it is able to control the timing of the reversal of temporary differences associated with these investments including the temporary differences arising from undistributed profits. Therefore, in the consolidated financial statements the Group could recognize deferred tax assets and liabilities in the respect of its investments in subsidiaries using tax rate applicable to distributed profits. In cases the parent has determined that subsidiary's profits will not be distributed in the foreseeable future the parent does not recognize a deferred tax assets and liabilities.

(z) 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.

(aa) International Financial Reporting Standards

These Consolidated Financial Statements of the Group have been prepared in accordance with and comply with International Financial Reporting Standards (IFRS) as adopted by the European Union (EU) and Interpretations issued by its International Financial Reporting Interpretations Committee (IFRIC) as endorsed by EU.

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

Consolidated Financial Statements have been prepared under the historical cost convention.

Initial application of new amendments to the existing standards effective for the current reporting period

The following new standards, amendments to the existing standards and new interpretation issued by the International Accounting Standards Board (IASB) and adopted by the EU are effective for the current reporting period:

- **IFRS 16 "Leases"** – adopted by the EU on 31 October 2017 (effective for annual periods beginning on or after 1 January 2019).

In the current year, the Company has applied IFRS 16 (as issued by the IASB in January 2016) that is effective for annual periods that begin on or after 1 January 2019. IFRS 16 introduces new or amended requirements with respect to lease accounting. It introduces significant changes to lessee accounting by removing the distinction between operating and finance lease and requiring the recognition of a right-of-use asset and a lease liability at commencement for all leases, except for short-term leases and leases of low value assets. In contrast to lessee accounting, the requirements for lessor accounting have remained largely unchanged.

The date of initial application of IFRS 16 for the Company is 1 January 2019.
The Company has applied IFRS 16 using the cumulative catch-up approach which:
- requires the Company to recognize the cumulative effect of initially applying IFRS 16 as an adjustment to the opening balance of retained earnings at the date of initial application.
- does not permit restatement of comparatives, which continue to be presented under IAS 17 and IFRIC 4.

2. Summary of significant accounting policies (cont.)

(aa) International Financial Reporting Standards (cont'd)

(a) Impact of the new definition of a lease

The Company has made use of the practical expedient available on transition to IFRS 16 not to reassess whether a contract is or contains a lease. Accordingly, the definition of a lease in accordance with IAS 17 and IFRIC 4 will continue to be applied to those contracts entered or modified before 1 January 2019. The change in definition of a lease mainly relates to the concept of control. IFRS 16 determines whether a contract contains a lease on the basis of whether the customer has the right to control the use of an identified asset for a period of time in exchange for consideration. This is in contrast to the focus on 'risks and rewards' in IAS 17 and IFRIC 4. The Company applies the definition of a lease and related guidance set out in IFRS 16 to all contracts entered into or changed on or after 1 January 2019. Based on assessment of the Company, the new definition in IFRS 16 will not significantly change the scope of contracts that meet the definition of a lease for the Company.

(b) Impact on Lessee Accounting

IFRS 16 changes how the Company accounts for leases previously classified as operating leases under IAS 17, which were off balance sheet. Applying IFRS 16, for all leases (except as noted below), the Company:

- Recognizes right-of-use assets and lease liabilities in the statement of financial position, initially measured at the present value of the future lease payments;
- Recognizes depreciation of right-of-use assets and interest on lease liabilities in profit or loss;
- Separates the total amount of cash paid into a principal portion (presented within financing activities) and interest (presented within financing activities) in the statement of cash flows.

Lease incentives (e.g. rent-free period) are recognized as part of the measurement of the right-of-use assets and lease liabilities whereas under IAS 17 they resulted in the recognition of a lease incentive, amortized as a reduction of rental expenses on a straight-line basis.

Under IFRS 16, right-of-use assets are tested for impairment in accordance with IAS 36.

For short-term leases (lease term of 12 months or less) and leases of low-value assets (which includes tablets and personal computers, small items of office furniture and telephones), the Company has opted to recognize a lease expense on a straight-line basis as permitted by IFRS 16. This expense is presented within 'Other operating expenses' and in profit or loss.

The Company has used the following practical expedients when applying the cumulative catch-up approach to leases previously classified as operating leases applying IAS 17.

- The Company has applied a single discount rate to a portfolio of leases with reasonably similar characteristics.
- The Company has elected not to recognize right-of-use assets and lease liabilities to leases for which the lease term ends within 12 months of the date of initial application.
- The Company has excluded initial direct costs from the measurement of the right-of-use asset at the date of initial application.

(c) Financial impact of the initial application of IFRS 16

Please refer to Note 13 for more information on effect of adoption of IFRS 16.

- **IFRS 9 "Financial Instruments"** - Prepayment Features with Negative Compensation – adopted by the EU on 22 March 2018 (effective for annual periods beginning on or after 1 January 2019),

- **Amendments to IAS 19 "Employee Benefits"** - Plan Amendment, Curtailment or Settlement – adopted by the EU on 13 March 2019 (effective for annual periods beginning on or after 1 January 2019),

- **Amendments to IAS 28 "Investments in Associates and Joint Ventures"** - Long-term Interests in Associates and Joint Ventures – adopted by the EU on 8 February 2019 (effective for annual periods beginning on or after 1 January 2019),

2. Summary of significant accounting policies (cont.)

(aa) International Financial Reporting Standards *(cont)*

- **Amendments to various standards due to "Improvements to IFRSs (cycle 2015 -2017)"** resulting from the annual improvement project of IFRS (IFRS 3, IFRS 11, IAS 12 and IAS 23) primarily with a view to removing inconsistencies and clarifying wording – adopted by the EU on 14 March 2019 (effective for annual periods beginning on or after 1 January 2019),

- **IFRIC 23 "Uncertainty over Income Tax Treatments"** – adopted by the EU on 23 October 2018 (effective for annual periods beginning on or after 1 January 2019).

Except for the effect of adoption of IFRS 16, the adoption of these new standards, amendments to the existing standards and interpretation has not led to any material changes in the Group's financial statements.

Standards and amendments to the existing standards issued by IASB and adopted by the EU but not yet effective

At the date of authorization of these financial statements, the following new standard, amendments to the existing standard and interpretation issued by IASB and adopted by the EU are not yet effective:

- **Amendments to IAS 1 "Presentation of Financial Statements" and IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors"** - Definition of Material (effective for annual periods beginning on or after 1 January 2020),

- **Amendments to References to the Conceptual Framework in IFRS Standards** (effective for annual periods beginning on or after 1 January 2020).

New standards and amendments to the existing standards issued by IASB but not yet adopted by the EU

At present, IFRS as adopted by the EU do not significantly differ from regulations adopted by the International Accounting Standards Board (IASB) except for the following new standards and amendments to the existing standards, which were not endorsed for use in EU as at 31 December 2019 (the effective dates stated below is for IFRS as issued by IASB):

- **IFRS 14 "Regulatory Deferral Accounts"** (effective for annual periods beginning on or after 1 January 2016) - the European Commission has decided not to launch the endorsement process of this interim standard and to wait for the final standard,

- **IFRS 17 "Insurance Contracts"** (effective for annual periods beginning on or after 1 January 2021),

- **Amendments to IFRS 3 "Business Combinations" -** Definition of a Business (effective for business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 January 2020 and to asset acquisitions that occur on or after the beginning of that period).

- **Amendments to IFRS 9 "Financial Instruments", IAS 39 "Financial Instruments: Recognition and Measurement" and IFRS 7 "Financial Instruments: Disclosures"** - Interest Rate Benchmark Reform (effective for annual periods beginning on or after 1 January 2020),

- **Amendments to IFRS 10 "Consolidated Financial Statements" and IAS 28 "Investments in Associates and Joint Ventures" -** Sale or Contribution of Assets between an Investor and its Associate or Joint Venture and further amendments (effective date deferred indefinitely until the research project on the equity method has been concluded).

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

3. Net revenue

The Group considers that operates in one reportable segment (rent of construction equipment and provision of related support services such as assembling, transport and operator services) thus additional segment reporting disclosures except for geographical location of the non-current assets are not presented.

Decrease in rent incomes caused by Covid-19 pandemic in the most of countries of our operations, but total incomes increased due to the sale of an old fleet. Rent income decreased by 13%. It should be noted that the Group operates in the construction market, which is characterized by seasonality. 43% -45% of the Group's turnover is generated in the first half of the year, while 55% -57% - in the year second half.

Net revenue by products and services	**01.01.2020-30.06.2020 EUR**	**01.01.2019-30.06.2019 EUR**
Rental revenue	13 835 509	15 837 531
Transport and related services revenue	3 993 925	4 199 377
Revenue from sale of inventories	435 259	404 002
Revenue from sale of property, plant and equipment used for renting	6 497 412	161 018
Cash discounts to customers	(31 848)	(33 492)
TOTAL:	**24 730 257**	**20 568 436**

Net revenue per geographical location	**01.01.2020-30.06.2020 EUR**	**01.01.2019-30.06.2019 EUR**
Baltic	18 065 307	14 291 853
Nordic	6 398 394	6 063 733
Other	266 556	212 850
TOTAL:	**24 730 257**	**20 568 436**

Property, plant and equipment per geographical location, net book value	**30.06.2020 EUR**	**31.12.2019 EUR**	**30.06.2019 EUR**
Finland	12 063 038	13 237 543	12 517 158
Baltics (Latvia, Estonia and Lithuania)	25 180 245	34 424 669	36 045 726
Russia, Kaliningrad	93 375	141 066	161 453
Sweden	2 687 330	2 747 323	2 652 982
TOTAL:	**40 023 988**	**50 550 601**	**51 377 865**

Intangible assets (including goodwill) per geographical location	**30.06.2020 EUR**	**31.12.2019 EUR**	**30.06.2019 EUR**
Finland	1 538 389	1 449 961	1 336 269
Baltics (Latvia, Estonia and Lithuania)	15 069 817	15 080 082	14 880 552
Russia, Kaliningrad	339 637	351 440	329 591
Sweden	116 262	90 047	67 413
TOTAL:	**17 064 105**	**16 971 530**	**16 613 825**

4. Other operating income

By type	01.01.2020-30.06.2020 EUR	01.01.2019-30.06.2019 EUR
Insurance reimbursements received	103 268	125 273
Cost compensation	2 318	2 445
Other income	52 158	44 021
TOTAL:	**157 744**	**171 739**

5. Cost of services and goods sold

a) Cost of goods sold

	01.01.2020-30.06.2020 EUR	01.01.2019-30.06.2019 EUR
Cost of goods sold	356 587	272 127
Cost of sold property, plant and equipment used for renting	6 778 349	67 585
Renting equipment corrected due to stock count	10 631	(6 735)
TOTAL:	**7 145 567**	**332 977**

b) Other external costs

	01.01.2020-30.06.2020 EUR	01.01.2019-30.06.2019 EUR
Transport and assembly services	3 135 146	3 422 574
Equipment rent related costs	3 169 484	2 268 783
Repairs and maintenance services	1 511 819	1 564 881
TOTAL:	**7 816 449**	**7 256 238**

6. Other operating expenses

	01.01.2020-30.06.2020 EUR	01.01.2019-30.06.2019 EUR
Rent of offices and areas and maintenance costs	1 111 917	991 247
IT expenses	633 782	472 515
Marketing expenses	225 687	206 671
Administration transport costs	209 892	214 654
Other administrative expenses	206 136	232 526
Written-off doubtful debts	191 048	142 007
Insurance costs	153 876	161 555
Communication expenses	78 750	75 592
Consulting and other services *	18 810	21 729
Legal services	18 182	13 976
Allowance (recovery) for doubtful debts	146 016	68 471
TOTAL:	**2 994 096**	**2 600 943**

6. Other operating expenses (cont.)

* including audit and non-audit fee to Deloitte network companies:

		01.01.2020-30.06.2020 EUR	01.01.2019-30.06.2019 EUR
Financial statements audit fee		34 649	32 942
Fees for permissible tax services		3 000	18 650
	TOTAL:	**37 649**	**51 592**

7. Depreciation and amortization

		01.01.2020-30.06.2020 EUR	01.01.2019-30.06.2019 EUR
Property, plant and equipment depreciation		2 019 201	5 576 370
Rights of use assets depreciation		2 471 517	-
Amortization of intangible assets		404 018	380 176
Recognized deferred income (Note 26)		(98 956)	(456 371)
	TOTAL:	**4 795 780**	**5 500 175**

Breakdown of the total property, plant and equipment depreciation charge:

		01.01.2020-30.06.2020 EUR	01.01.2019-30.06.2019 EUR
Depreciation of property, plant and equipment used for renting		1 813 820	5 097 357
Depreciation of property, plant and equipment used for own needs		182 913	479 013
Written - off part of long-term investments in leased fixed assets		22 468	-
	TOTAL:	**2 019 201**	**5 576 370**

8. Interest and similar income

		01.01.2020-30.06.2020 EUR	01.01.2019-30.06.2019 EUR
Interest income		3 646	4 026
	TOTAL:	**3 646**	**4 026**

9. Interest and similar expenses

		01.01.2020-30.06.2020 EUR	01.01.2019-30.06.2019 EUR
Interest related to finance lease		361 359	620 984
Interest on borrowings		474 589	462 803
Interest related to bonds		510 569	368 392
Amortization of incurred incremental costs		211 862	193 416
Interest related to rights of use assets		86 330	-
Interest on factoring		5 948	4 751
Net foreign exchange losses		21 227	61 893
Other expenses		20 940	13 502
	TOTAL:	**1 692 824**	**1 725 741**

Interest expenses presented above are incurred by financial instruments presented in the group Financial liabilities at amortized cost in accordance with IFRS 9.

10. Personnel expenses and number of employees

		01.01.2020-30.06.2020 EUR	01.01.2019-30.06.2019 EUR
Salaries		5 290 505	4 971 611
State social security mandatory contributions		822 354	818 773
Other personnel costs		598 205	509 710
Remuneration to contractors		(934 361)	(950 713)
	TOTAL:	**5 776 703**	**5 349 381**

11. Intangible assets

	Licenses and similar rights	Other intangible assets	Customer relationships	Goodwill	TOTAL
	EUR	EUR	EUR	EUR	EUR
At 31 December 2018					
Historical cost	552 630	2 623 957	125 000	15 346 352	18 647 939
Accumulated amortisation	(321 012)	(1 722 246)	(100 694)	-	(2 143 952)
Net carrying value	**231 618**	**901 711**	**24 306**	**15 346 352**	**16 503 987**
01.01.2019-30.06.2019					
Net carrying value, opening	231 618	901 711	24 306	15 346 352	16 503 987
Additions	5 914	484 100	-	-	490 014
Write-off	-	-	-	-	-
Amortisation	(42 436)	(316 906)	(20 834)	-	(380 176)
Net carrying value, closing	195 096	1 068 905	3 472	15 346 352	16 613 825
At 30 June 2019					
Historical cost	558 544	3 108 057	125 000	15 346 352	19 137 953
Accumulated amortisation	(363 448)	(2 039 152)	(121 528)	-	(2 524 128)
Net carrying value	**195 096**	**1 068 905**	**3 472**	**15 346 352**	**16 613 825**
At 31 December 2019					
Historical cost	558 543	3 815 816	125 000	15 346 352	19 845 711
Accumulated amortisation	(405 507)	(2 343 674)	(125 000)	-	(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	125 000	15 346 352	20 342 304
Accumulated amortisation	(431 637)	(2 721 562)	(125 000)	-	(3 278 199)
Net carrying value	**73 701**	**1 644 052**	**-**	**15 346 352**	**17 064 105**

The Group did not assess the impairment of intangible assets at the reporting date. The Group's management believes that it is too early to judge the impact of Covid-19 on the goodwill of its subsidiaries.

12. Property, plant and equipment

	Land and buildings	Leasehold improvements	Plant and equipment	Other fixed assets	Construction in progress	TOTAL
	EUR	EUR	EUR	EUR	EUR	EUR
at 31 December 2018						
Historical cost	306 883	297 799	99 263 641	4 305 778	352 744	104 526 845
Accumulated depreciation	(57 781)	(190 870)	(49 300 231)	(2 488 326)	-	(52 037 208)
Net carrying value	**249 102**	**106 929**	**49 963 410**	**1 817 452**	**352 744**	**52 489 637**
01.01.2019-30.06.2019						
Net carrying value, opening	249 102	106 929	49 963 410	1 817 452	352 744	52 489 637
Additions	-	8 110	3 432 954	315 824	9 777	3 766 665
Transfered	-	-	352 744	-	(352 744)	-
Disposals, net	-	-	(339 991)	(597 132)	-	(937 123)
Depreciation	(7 546)	(22 120)	(5 097 357)	(279 559)	-	(5 406 582)
Net carrying value, closing	241 556	92 919	48 311 760	1 256 585	9 777	49 912 597
at 30 June 2019						
Historical cost	306 883	305 909	102 709 348	4 024 470	9 777	107 356 387
Accumulated depreciation	(65 327)	(212 990)	(54 397 588)	(2 767 885)	-	(57 443 790)
Net carrying value	**241 556**	**92 919**	**48 311 760**	**1 256 585**	**9 777**	**49 912 597**
at 31 December 2019						
Historical cost	307 058	305 909	38 065 065	3 247 719	10 007	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**	**10 007**	**18 710 516**
01.01.2020-30.06.2020						
Net carrying value, opening	234 181	70 393	17 570 316	825 619	10 007	18 710 516
Additions	-	1 521	597 302	95 217	-	694 040
Transfered	-	-	-	-	(8 782)	(8 782)
Transferred from ROU at the end of the lease (book value)	-	-	807 677	-	-	
Disposals, net	-	(2 583)	(4 094 960)	(14 603)	(1 225)	(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**

Although the Group has approved investment plan budget, taking into account potential Covid-19 impact on construction industry, Management has postponed investment implementation. The Group's management does not see any impairment of fixed assets. In 2020 Storent SIA and Storent Oy performs optimization of the rental equipment fleet by selling equipment, which is no longer in demand in rental market.

13. Rights of use assets

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

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

	Licenses and similar rights	Land and buildings	Machinery and equipment	Other fixed assets	Total
	EUR	EUR	EUR	EUR	EUR
At 1 January 2019	-	-	-	-	-
Transfer of hisotoric cost from PP&E at 1 January 2019	-	-	61 387 563	967 669	62 355 232
Transfer of accumulated depreciation from PP&E at 1 January 2019	-	-	(28 968 617)	(467 627)	(29 436 244)
Additions	-	1 386 447	8 961 588	472 217	10 820 252
Value increase	-	-	149 516	-	149 516
Transfered at the end of the lease (book value)	-	-	(6 466 638)	(11 884)	(6 478 522)
Disposals, net	-	-	-	(12 430)	(12 430)
Depreciation	-	(272 203)	(5 075 680)	(209 838)	(5 557 721)
Net carrying value at 31 December 2019	**-**	**1 114 244**	**29 987 732**	**738 107**	**31 840 083**
At 31 December 2019					
Historical costs	-	1 386 447	35 063 412	960 375	37 410 234
Accumulated depreciation	-	(272 203)	(5 075 680)	(222 268)	(5 570 151)
Net carrying value	**-**	**1 114 244**	**29 987 732**	**738 107**	**31 840 083**
01.01.2020-30.06.2020	-	1 114 244	29 987 732	738 107	31 840 083
Additions	77 908	118 235	97 800	108 681	402 624
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	**64 923**	**1 077 557**	**24 098 337**	**712 292**	**25 953 109**
At 30 June 2020					
Historical costs	77 908	1 504 682	31 352 799	1 059 388	33 994 777
Accumulated depreciation	(12 985)	(427 125)	(7 254 462)	(347 096)	(8 041 668)
Net carrying value	**64 923**	**1 077 557**	**24 098 337**	**712 292**	**25 953 109**

The Group also leases several assets including buildings, plants, IT equipment. The average lease term is 5 years. The Group has options to purchase certain manufacturing equipment for a nominal amount at the end of the lease term. The Group's obligations are secured by the lessors' title to the leased assets for such leases.
The incremental borrowing rate applied to lease liabilities recognized in the statement of financial position on 1 January 2020 is 10,3%.

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. The group does not lease any low value assets, there are no variable lease payments excluded from initial measurement of lease liability. There is no income from sub-lease of rights of use assets.

13. Rights of use assets (cont)

Amounts recognized in profit and loss	01.01.2020-30.06.2020 EUR
Depreciation expense on rights of use assets	(2 471 517)
Interest expense on lease liabilities	(447 689)
Expense relating to short-term leases	(714 553)
KOPĀ:	**(3 663 759)**

14. Inventories

	30.06.2020 EUR	31.12.2019 EUR	30.06.2019 EUR
Goods for sale (at cost)	459 079	529 710	1 163 405
Consumables (at cost)	645 243	678 374	730 370
TOTAL:	**1 104 322**	**1 208 084**	**1 893 775**

15. Trade receivables

	30.06.2020 EUR	31.12.2019 EUR	30.06.2019 EUR
Trade receivables	12 103 669	7 189 293	8 958 445
Allowance for doubtful debts (individual)	(2 461 217)	(2 322 753)	(2 325 246)
Allowance for doubtful debts (collective)	-	-	(194 827)
TOTAL:	**9 642 452**	**4 866 540**	**6 438 372**

Interest is not charged on late payment of receivables. Generally, trade receivables are due within 15 - 45 days. Allowance for doubtful debts is made upon individual assessment of individual balances. In addition to that, a collective provision is calculated. Trade receivables are not secured or collaterized, except customers which use factoring. Trade receivables which use factoring are insured.

At the moment we start to see signs that construction companies take a bit more time with their payments. We expect that few smaller market players can go bankrupt and Group's management estimated that bad debts percentage could be doubled from 1% to 2%.

Changes in the allowance for doubtful debts (Individually assessed)	**30.06.2020 EUR**	**31.12.2019 EUR**	**30.06.2019 EUR**
At the beginning of the year	**2 322 753**	**2 452 203**	**2 257 376**
Allowance increase	329 512	357 214	209 877
Written-off	(191 048)	(486 664)	(142 007)
TOTAL:	**2 461 217**	**2 322 753**	**2 325 246**

Movement in allowance for doubtful debts according IFRS 9 (Collectively assessed)	**30.06.2020 EUR**	**31.12.2019 EUR**	**30.06.2019 EUR**
At the beginning of the year	**-**	**194 827**	**194 827**
Allowance increase	-	(194 827)	-
Written-off	-	-	-
TOTAL:	**-**	**-**	**194 827**

16. Other receivables

	30.06.2020 EUR	31.12.2019 EUR	30.06.2019 EUR
Guarantee deposit	229 717	214 087	157 291
Refundable value-added tax	54 697	72 896	163 376
Advances made to suppliers	46 087	72430	213 104
Accrued earnings	20 631	27 458	34 286
Advances made to employees	2 849	3 190	5 167
TOTAL:	**353 981**	**390 061**	**573 224**

17. Prepaid expenses

	30.06.2020 EUR	31.12.2019 EUR	30.06.2019 EUR
Other deferred expenses	301 008	257 259	293 437
Total:	**301 008**	**257 259**	**293 437**

18. Cash and cash equivalents

	30.06.2020 EUR	31.12.2019 EUR	30.06.2019 EUR
Cash in bank and cash, EUR	2 882 733	3 599 237	303 778
Cash in bank and cash, RUB	126 871	226 580	216 466
Cash in bank and cash, SEK	44 249	66 342	62 766
TOTAL:	**3 053 853**	**3 892 159**	**583 010**

19. 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 31.12.2018 and 31.12.2017 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 2018:

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 2019:

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%**

20. Provisions

	30.06.2020 EUR	31.12.2019 EUR	30.06.2019 EUR
Provisions for employee bonuses	94 661	614 787	302 210
Other provisions	24 339	26 657	28 975
Total:	**119 000**	**641 444**	**331 185**

Changes in the provisions:	30.06.2020 EUR	31.12.2019 EUR	30.06.2019 EUR
At the beginning of the year	**641 444**	**331 185**	**1 059 597**
Provision (decrease) / increase	(522 444)	310 259	(728 412)
TOTAL:	**119 000**	**641 444**	**331 185**

21. Loans from credit institutions

In 2016 Storent Oy received loan from Danske Bank Oyj

	Maturity	Amount EUR	Actual interest rate (%)	30.06.2020 EUR	31.12.2019 EUR	30.06.2019 EUR
Danske Bank Oyj	31.12.2020.	70 000	2.029%	8 155	15 161	24 500
		Total Non-current liabilities:		**-**	**-**	**10 500**
		Total Current liabilities		**8 155**	**15 161**	**14 000**

22. Issued bonds

In 2017 Group issued bonds with maturity date 30.06.2020 and coupon interest rate 8%. On 1 April 2020 Group instigated a Written Procedure to obtain the Noteholders' consent on amendments to the Terms and Conditions. In accordance with the proposed amendments to the Issuer proposed to extend the maturity of the Notes by one year and to exclude the Net Debt/EBITDA financial covenant from the Terms and Conditions. On 24 April 2020 the voting of the Noteholders has ended with positive result and the proposed amendments to the Terms and Conditions were approved and became effective.

In March 2020 Storent Investments AS announced new bond issuance with maturity date 19.10.2023 and coupon interest rate 8%. On 1 April 2020 Group instigated a Written Procedure to obtain the Noteholders' consent on amendments to the Terms and Conditions. In accordance with the proposed amendments to the Terms and Conditions, the Issuer proposes that it is obliged to comply with the Net Debt/EBITDA financial covenant as of 31 December 2021. On 27 April 2020 the voting of the Noteholders has ended with positive result and the proposed amendments to the Terms and Conditions were approved and became effective.

	Maturity	Amount EUR	Actual interest rate (%)	30.06.2020 EUR	31.12.2019 EUR	30.06.2019 EUR
Issued bonds	30.06.2021	6 753 700	8	6 753 700	10 000 000	10 000 000
Issued bonds	19.10.2023	3 446 300	8	3 446 300	-	-
Incremental cost allocation				(94 342)	(67 087)	(136 659)
			Total:	**10 105 658**	**9 932 913**	**9 863 341**
	Total Non-current liabilities:			**3 351 958**	**-**	**-**
	Total Current liabilities:			**6 753 700**	**9 932 913**	**9 863 341**

Loans against issued bonds are unsecured. Full amount of loan is repayable upon maturity date.

According to Terms and Conditions, following financial covenants should 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 amortization of tangible and intangible assets; and (e) any re-valuation, disposal or writing off of assets.

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

23. Finance lease liabilities

By asset type	**Maturity**	***Actual interest rate, (%)***	**30.06.2020 EUR**	**31.12.2019 EUR**	**30.06.2019 EUR**	**Balance sheet value of leased assets on 30.06.2020 EUR**
Leasing companies (various asset types)	Various (2019 - 2022)	1.8-5.5% +3 MEURIBOR	17 775 074	19 815 522	20 210 877	38 938 393
Redemption contracts (various asset types)	31.12.2023	1.5%	682 510	669 150	1 094 706	964 292
Supplier funding (various asset types)	28.07.2021	2%-8,67%	647 570	995 205	1 531 510	3 423 711
Premise's rent	31.12.2023	10.3%	1 143 119	1 157 851	-	1 077 555
Car rent	Various (2021-2023)	10.3%	392 459	229 153	-	262 595
		Total:	**20 640 732**	**22 866 881**	**22 837 093**	**44 666 546**
		Total Non-current liabilities:	15 522 878	15 283 908	14 288 010	
		Total Current liabilities:	5 117 854	7 582 973	8 549 083	

All financial liabilities are denominated in EUR.

In 2020 spring Storent SIA and Storent Oy signed amendments to lease agreements about grave period for principal payments. Grace period accepted by Lease companies is from 4 to 6 month.

The minimum lease payments and the present value of minimum lease payments can be presented as follows:

	30.06.2020		**31.12.2019**		**30.06.2019**	
	Minimum payments **EUR**	Current value of future payments **EUR**	Minimum payments **EUR**	Current value of future payments **EUR**	Minimum payments **EUR**	Current value of future payments **EUR**
Within 1 year	6 284 233	5 117 854	8 544 260	7 582 973	9 324 601	8 549 083
After 1 year not exceeding 5 years	16 499 678	15 522 878	16 439 095	15 283 908	15 189 738	14 288 010
Total minimum lease payments	22 783 911	20 640 732	24 983 355	22 866 881	24 514 339	22 837 093
Less financing costs	(2 143 179)		(2 116 474)	-	(1 677 246)	-
Present value of minimum lease payments	**20 640 732**	**20 640 732**	**22 866 881**	**22 866 881**	**22 837 093**	**22 837 093**

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. Storent Investments As has signed amendments to agreements to postpone principal payment per one year with suppliers Haulotte Group AB, Yanmar Construction Equipment Europe S.A.S. and SA Manitou BF.

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 (%)	30.06.2020 EUR	31.12.2019 EUR	30.06.2019 EUR
Haulotte Group SA	04.11.2019	3 999 740	3	-	-	362 332
Haulotte Group SA	01.10.2021	5 500 000	2.49	1 010 703	1 006 667	1 505 456
Haulotte Group SA	01.09.2022	1 003 836	3.94	352 523	402 883	503 549
Haulotte Group SA	01.09.2022	1 994 007	3.94	743 563	850 219	1 062 659
Haulotte Group SA	01.09.2021	1 006 969	4	202 087	269 450	404 175
Haulotte Group SA	15.09.2022	1 004 278	4	470 225	537 460	671 750
Haulotte Group SA	01.08.2024	1 607 292	2.8	1 513 985	-	-
Yanmar Construction Equipment Europe S.A.S	01.09.2021	995 703	4	204 960	266 435	399 653
Yanmar Construction Equipment Europe S.A.S	15.09.2022	1 075 956	4	503 787	575 820	719 695
Yanmar Construction Equipment Europe S.A.S	05.08.2024	643 014	2.8	605 686	646 115	373 327
SA Manitou BF	03.08.2024	1 403 000	2.8	1 055 735	1 198 208	221 550
Incremental cost allocation		(1 231 089)		(256 320)	(295 244)	(317 765)
Aston Baltic SIA	31.12.2018	109 575	-	-	20 017	51 511
			Total:	**6 406 934**	**7 093 073**	**5 957 892**
			Total Non-current liabilities:	4 719 462	3 466 081	2 820 554
			Total Current liabilities:	1 687 472	3 626 992	3 137 338

Total loans origination fees and costs amounted to 1 058 151 EUR. The Group treated these fees and costs as incremental costs related to attracted finance under IAS 39. 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.

Changes in the incremental cost allocation:

	30.06.2020 EUR	31.12.2019 EUR	30.06.2019 EUR
At the beginning of the year	**295 244**	**317 765**	**305 468**
Incremental cost increase	172 938	233 847	205 713
Written off as adjustment to effective interest rate	(211 862)	(244 071)	(193 416)
TOTAL:	**256 320**	**295 244**	**317 765**

25. Tax and national social insurance mandatory contributions

	30.06.2020 EUR	31.12.2019 EUR	30.06.2019 EUR
Personal income tax	1 321 507	234 081	497 201
State social security mandatory contributions	178 107	228 265	178 253
Value added tax	214 294	349 894	175 652
Risk duty	3 744	3 244	3 506
TOTAL:	**1 717 652**	**815 484**	**854 612**

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

	30.06.2020 EUR	31.12.2019 EUR	30.06.2019 EUR
Profit from leaseback transactions	172 705	271 661	404 226
Total:	**172 705**	**271 661**	**404 226**

27. Other liabilities

	30.06.2020 EUR	31.12.2019 EUR	30.06.2019 EUR
Salaries	439 193	439 116	308 633
Other payables	1 627	9 792	198
KOPĀ:	**440 820**	**448 980**	**440 820**

28. Accrued liabilities

	30.06.2020 EUR	31.12.2019 EUR	30.06.2019 EUR
Provisions for unused employee vacations	1 077 380	769 886	734 116
Other accrued liabilities	550 785	300 392	442 386
Accruals for marketing campaign*	51 992	-	-
TOTAL:	**1 680 157**	**1 070 278**	**1 176 502**

*In March 2020, Storent became the first online equipment rental company that integrates Artificial Intelligence and Machine Learning systems. To motivate customers to use online rental solution the Groups has launched Customer benefit program “Rental point”. Customers may earn up to 20% from the rental price in „Rental Points“ by placing orders online and by using digital signatures during transactions. This will be a tangible and easily trackable benefits as “Rental Points” can be used as a payment mean for Storent services.

29. Related party transactions

Related parties are the subsidiaries and associated companies of the Group's Parent company, and the shareholders of the Group's Parent company that have significant influence or control over the activities of the Group's Parent company, members of the council and board, their close relatives and entities in which the above referred persons have significant influence or control.

From November 2014 the Company is controlled by LEVINA INVESTMENTS S.A.R.L (Luxemburg) and the Group's ultimate Parent company is Darby Converging Europe Fund III (SCS) SICAR (Luxemburg). This investor provided substantial loans to the Parent company. Total costs for new investor attracting amounted to EUR 712 140. The Group treated these costs as incremental costs related to attracted finance under IAS 39. These costs are amortized over loan maturity period. In 2014 part of received loan has been capitalized to share capital of the Parent company and amount of incremental costs related to capitalized amount has been allocated to equity of the Parent company (Note 19). In 2017, equity was increased by capitalizing the remaining amount of the loan from the investor, and thus the residual amount of incremental costs was written off, increasing the accumulated losses of the Group's Parent company by EUR 388 929.

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	2019	-	(4 921 317)
	2020	-	(4 921 317)
Companies with significant influence over the Group's activities:			
Supremo SIA	2019	(9 945)	(299 651)
	2020	(8 581)	(316 906)
Bomaria SIA	2019	(9 945)	(299 651)
	2020	(8 581)	(316 906)
The companies controlled by the Group's officers or their relatives: *			
Meistari ZS	2019	(2 434)	(406)
	2020	(2 527)	(406)
	Total 2019:	**(44 972)**	**(5 180 328)**
	Total 2020:	**(22 324)**	**(5 521 025)**

* 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 2020 (at 30 June 2019: 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) Loans from related companies

	Maturity	Interest rate %	30.06.2020 EUR	31.12.2019 EUR	30.06.2019 EUR
Levina Investments S.A.R.L.	31.12.2021.	7	5 273 233	4 924 696	4 921 317
Bomaria LTD	31.12.2021.	6	316 906	308 325	299 651
Supremo LTD	31.12.2021.	6	316 906	308 325	299 651
	Total Non-current liabilities:		**5 907 045**	**616 651**	**5 520 619**
	Total current liabilities:		**-**	**4 924 696**	**-**

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

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.

Categories of financial assets and liabilities

Financial assets	30.06.2020 EUR	31.12.2019 EUR	30.06.2019 EUR
Loans and receivables held at amortised cost			
- Trade receivables	9 642 452	4 866 540	6 438 372
- Other receivables	353 981	390 061	573 224
- Cash and cash equivalents	3 053 853	3 892 159	583 010
TOTAL financial assets:	**13 050 286**	**9 148 760**	**7 594 606**

Financial liabilities	30.06.2020 EUR	31.12.2019. EUR	30.06.2019 EUR
Financial liabilities held at amortized cost			
- Loan from credit institution	8 155	15 161	24 500
- Loans against bonds	10 105 658	9 932 913	9 863 341
- Loans from related companies	5 907 045	5 541 347	5 520 619
- Finance lease liabilities	20 640 732	22 866 881	24 317 896
- Other borrowings	6 406 934	7 093 073	5 957 893
- Trade payables	3 045 951	2 722 507	3 876 042
- Other payables	440 820	448 908	308 831
TOTAL financial liabilities:	**46 555 295**	**48 620 790**	**49 869 122**

31. Financial risk management

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 fulfill their obligations to the Group. The Group has credit risk exposure related to trade receivables, cash and cash equivalents. The Group control their 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 loans and receivables as at 30 June 2020 and 30 June 2019 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 provisions for bad and doubtful trade receivables (see note 15).

The maximum credit risk exposure at 30 June 2020 was EUR 13 050 286 (30.06.2019: EUR 7 594 607).

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 fulfill 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 analyzing future cash flows. The budgeting system used by the Group is helpful in the management and control of liquidity risk management.

At 30 June 2020 and 30 June 2019, the maturity of the financial payables of the Group, based on undiscounted payments provided for in the agreements can be disclosed as follows:

30.06.2020	**< 3 months EUR**	**3 - 12 months EUR**	**1 - 7 years EUR**	**Total EUR**
Loan from credit institution	3 551	4 735	-	**8 286**
Issued bonds	204 000	7 365 700	4 135 560	**11 705 260**
Borrowings from related parties	-	349 680	6 703 098	**7 052 778**
Finance lease liabilities	389 476	7 586 471	14 807 964	**22 783 911**
Other borrowings	78 519	2 547 039	4 415 242	**7 040 800**
Trade payables	3 045 951	-	-	**3 045 951**
Other financial liabilities at amortized cost	1 571 918	812 570	-	**2 384 488**
KOPĀ:	**5 293 415**	**18 666 195**	**30 061 864**	**54 021 474**

31. Financial risk management (cont.)

30.06.2019	< 3 months EUR	3 - 12 months EUR	1 - 7 years EUR	Total EUR
Loan from credit institution	3 675	14 700	7 350	**25 725**
Issued bonds	200 000	10 600 000	-	**10 800 000**
Borrowings from related parties	-	326 312	5 624 539	**5 950 851**
Finance lease liabilities	3 371 711	6 340 799	16 480 613	**26 193 123**
Other borrowings	1 346 594	2 349 935	5 789 430	**9 485 959**
Trade payables	3 876 042	-	-	**3 876 042**
Other financial liabilities at amortized cost	1 441 065	-	-	**1 441 065**
KOPĀ:	**10 239 087**	**19 631 746**	**27 901 932**	**57 772 765**

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 finance lease liabilities. This exposes the Group to the risk that interest expenses will increase in a situation when interest rates go up. According to the Group's policy it is ensured that fixed rate interest on major part of its liabilities is constant. The average interest rate on the Group's liabilities is disclosed in Notes 21, 22, 23,24 and 29 c. The Group doesn't use derivative financial instruments to manage its exposure to interest rate risk.

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. 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. Approximately 1% of the Group's revenue during 2019 resulted from contracts denominated in the Russian rubles (RUB) (2018: 1%). Therefore, during the reporting year the Group's exposure to foreign currency risk was not significant.

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 2019 and 2019 there were no changes introduced to purposes, policy or processes related to management of the capital.

	30.06.2020 EUR	31.12.2019 EUR	30.06.2019 EUR
Interest bearing loans and borrowings	43 068 524	45 449 375	45 684 248
Trade and other payables	5 430 440	4 268 120	5 317 108
Less cash and cash equivalents	(3 053 853)	(3 892 159)	(583 010)
Net debt	**45 445 111**	**45 825 336**	**50 418 346**
Equity	21 590 589	26 954 987	24 890 894
Net debt to equity ratio:	**2.10**	**1.70**	**2.03**

33. Going concern of the Group

Group's performance in the reporting period was loss of EUR 5 329 772 (2019 6 months: loss EUR 21 021 254), 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 6 513 866 (30.06.2019: current liabilities exceeded current assets by EUR 21 583 585). It should be noted that the Group operates in the construction market, which is characterized by seasonality. 43% -45% of the Group's turnover is generated in the first half of the year, while 55% -57% - in the second half.

The Groups management has evaluated actual and potential impact of covid-19 pandemic. Management has prepared forecasted financial results and cash flows for 2020 and already started to take steps to ensure The Groups ability to continue as going concern.

Although measures applied by local government differ country by country, the constructions industry were not restricted in any country where Storent group companies operate. Storent group has experienced few economic crises and our strategy always was to be more active and use market potential. During last few months we developed new sales platform that allows to rent equipment without coming to rental depo. Right after covid-19 pandemic we concentrated all our resources to launch new online sale web page as soon as possible and starting 26 March 2020 it is already available for customers in Baltic countries and in few weeks will be launched also in Finland and Sweden. Simplified processes with powerful online platform are available for customers on PC but 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 are more and more used in rental deals in the Group especially now when personal contact should be minimized. All our depos continue to serve customers in a safe way in our premises, all equipment that we deliver to customers are disinfected. Equipment rent is very closely related to constructions activities and at the moment it is very hard to do estimate how much construction industry will be affected by overall economic activity decrease. Storent Group will continue active sales strategy and offer customers to use online platform, which is simple to use. Currently management anticipates that Group's rental income could decrease by 10% compared to 2019. Yet this is a management estimate and the outcome might be materially different and cannot be estimated reliably at this point in time.

At the moment we start to see signs that construction companies take a bit more time with their payments, yet we also note that working capital shortage is quite common in spring, just before high season. We expect that few smaller market players can go bankrupt and Group's management estimated that bad debts percentage could be doubled from 1% to 2%. Longer payment terms will be allowed to customers during Covid-19 restriction period, yet after construction industry will recover, cash flows should improve. At the moment of preparation of consolidated reports there is no significant or potentially significant debt losses identified.

33. Going concern of the Group (cont)

Although the Group has approved investment plan budget, taking into account potential Covid-19 impact on construction industry, Management has postponed investment implementation. Immediately after the onset of the covid-19 pandemic, Group management has asked grace period of 1 year for principal repayments on borrowings and leasing. From discussions with these creditors we have seen common understanding of situation and most of them has prolonged maturity terms by assigning grace periods for principal payments.

In Spring 2020 Storent SIA and Storent Oy has signed amendments to lease agreements with several financing companies about grace period for principal payments. SIA Luminor Līzings, SIA Unicredit līzings, SIA OP lizings has accepted to Storent SIA grace period for six months with approved intention also to consider prolongation of this period if necessary. Layher Baltic UAB has granted to Storent SIA grace period for one year. Storent Oy has been granted a grace period from several financing companies for 3-6 month.

Storent Investments As has signed amendments to agreements to postpone principal payment per one year with suppliers Haulotte Group AB, Yanmar Construction Equipment Europe S.A.S. and SA Manitou BF.

Storent Holding Oy has signed amendment to agreement with Levina Investments S.a.r.l. to postpone repayment of loan per one year.

In March 2020 Storent Investments AS announced new bond issuance in total amount of 15 million euro. Storent Investments AS to date has managed to exchange 3.4 million EUR worth of its existing bonds with bonds that mature on 30 June 2023. The notes are admitted to listing and trading on the official bond list (the Baltic Bond List) of AS "Nasdaq Riga" by 18 June 2020.

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

Storent SIA and Storent Oy performs optimization of the rental equipment fleet by selling equipment, which is no longer in demand in rental market. On the date of this report of these consolidated financial statements both companies have sold equipment with net book value 6 654 141 Eur for a total income of 6 363 294 Eur.

Storent group has a wide range of equipment from different leading producers. To ensure continued repair and maintenance Group has already ensured sufficient stock balance of consumables and those can be shared within group companies, in addition to that alternative producers of spare parts can be used as well.

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.

34. Post balance sheet events

Non-adjusting events

In 2020, in order to meet minimal capital requirements according to respective country laws, the parent company will invest into share capital of respective subsidiaries in total amount of EUR 4 500 000.

In March 2020 Storent Investments AS announced new bond issuance in total amount of 15 million euro. Storent Investments AS to date has managed to exchange 3.4 million EUR worth of its existing bonds with bonds that mature on 19 October 2023. The notes are admitted to listing and trading on the official bond list (the Baltic Bond List) of AS “Nasdaq Riga” by 18 June 2020.

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

In Spring 2020 Storent SIA and Storent Oy has signed amendments to lease agreements with several financing companies about grace period for principal payments. SIA Luminor Līzings, SIA Unicredit līzings, SIA OP lizings has accepted to Storent SIA grace period for six months with approved intention also to consider prolongation of this period if necessary. Layher Baltic UAB has granted to Storent SIA grace period for one year. Storent Oy has been granted a grace period from several financing companies for 3-6 month.

Storent Investments As has signed amendments to agreements to postpone principal payment per one year with suppliers Haulotte Group AB, Yanmar Construction Equipment Europe S.A.S. and SA Manitou BF.

Storent Holding Oy has signed amendment to agreement with Levina Investments S.a.r.l. to postpone repayment of loan per one year.

Storent SIA and Storent Oy performs optimization of the rental equipment fleet by selling equipment, which is no longer in demand in rental market. On the date of signing of these consolidated financial statements both companies have sold equipment with net book value 6 654 141 Eur for a total gain of 6 363 294 Eur. In 2020 July and August optimizations of the rental equipment fleet will continue, both companies have sold equipment with net book 2 894 139 Eur for a total gain of 2 980 461 Eur.

The rapid development of the Covid-19 virus and its social and economic impact in countries that 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. At this stage management is not able to reliably estimate the impact, as events are unfolding day-by-day.

The longer-term impact may also affect trading volumes, cash flows and profitability. Nevertheless, at the date of these financial statements the Group continues to meet its obligations as they fall due and therefore continues to apply the going concern basis of preparation.

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